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INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

No. 30,844

PARIS, TUESDAY, APRIL 20, 1982

Established 1887

Israeli Army Starts Forced Evacuation Of Sinai Settlers

By William Claiborne
Washington Post Service

RAFAH, Israeli-occupied Gaza Strip — Israeli Army troops forcibly evicted militant Jewish settlers from three agricultural settlements in the northern Sinai peninsula Monday and swiftly moved reinforcements into position in the Mediterranean coastal town of Yamit for a showdown with more than 2,000 opponents of the Egyptian-Israeli peace treaty less than a week before the scheduled withdrawal deadline.

The evacuations were accomplished without violent confrontation or bloodshed, army officials said, but they were conducted out of sight of journalists, who were sharply restricted in their movements.

[The Israeli Defense Ministry, which had barred any news coverage of the evacuation, announced late in the day that reporters, but no cameramen, would be allowed to enter the area, Reuters reported. "The presence of cameras will only inflame tensions and make the already difficult task of removing the settlers even more difficult," the announcement said.]

The Foreign Press Association of Israel, representing 100 news organizations around the world, has asked Israel's Supreme Court to issue a restraining order against the Defense Ministry restrictions on news coverage of Yamit. A three-judge panel will hear the case Tuesday.

In preparation for the final evacuation, Israeli security forces continued to move south into the Sinai by the hundreds from staging areas along the border. In the opposite direction, an almost unbroken stream of flatbed trucks hauling prefabricated houses and bomb shelters moved northward. Several thousand soldiers are believed to be involved in the operation. The



Israelis, opposing their country's pullout from the Sinai, prayed Monday on a rooftop in Yamit.

Syria Urges Coup Against Baghdad As Dispute With Iraq Intensifies

By Thomas L. Friedman
New York Times Service

BEIRUT — The war of nerves between Syria and Iraq intensified over the weekend, with Syria calling for the overthrow of the Baghdad government and Iraq vowing to organize an Arab economic boycott of the Damascus regime.

The long-simmering dispute between President Saddam Hussein of Iraq and President Hafez al-Assad of Syria is rooted in a mixture of ideological, strategic and personal differences and has been sharpened in recent months by the Iranian-Iraqi war, in which Syria has openly backed the resurgent Iranian forces.

The latest diplomatic and economic jousting began Saturday, when Syria's deputy premier, Walid Hamdoun, issued a statement to the Syrian news agency that "Syria will stand beside the Iraqi people in their struggle to topple the regime until they succeed."

Mr. Hamdoun added that Syria would no longer have "any relations whatsoever" with the Iraqi government, whose downfall, he said, "would bring about a relaxation in the entire region, as well as a relief for the Arab nation."

Although the state-controlled Syrian press has published articles denouncing Mr. Hussein, Mr. Hamdoun's statement marked the first time that a senior Syrian official has openly advocated the overthrow of the Iraqi government.

Mr. Hamdoun did not elaborate on Syria's intention to sever all further relations with Baghdad. The two countries — which are ruled by rival factions of the Ba'ath Socialist Party — have already recalled their ambassadors from each other's capitals, leaving only skeleton staffs in the embassies.

Syria's call for the toppling of the Hussein government follows its decision April 8 to close its border with Iraq and, two days later, to shut down the crude-oil pipeline that runs from the Iraqi oil fields around Kirkuk across Syria and Lebanon to the Mediterranean.

Damascus said the border closing was necessary because Iraq was infiltrating saboteurs, weapons and explosives into Syria that were being used by the fundamentalist Muslim Brotherhood to "undermine" the Assad government.

Syrian-Iraqi Trade Pact

The Iraqis have contended that Syria's decision to close its borders and choke off the flow of Iraqi crude oil across Syria was part of a secret bargain struck in late March during talks in Tehran between Foreign Ministers Abdel Halim Khaddam of Syria and Ali Akbar Velayati of Iran.

After those talks Syria and Iran announced a 10-year trade agreement under which Iran will provide Syria with 8.7 million tons of crude oil annually in exchange for much needed grain, canned fruits and vegetables and other foods. The first Iranian oil shipment reportedly arrived in Syria on April 1. Nine days later, the Iraqi pipeline was closed.

In response to the Syrian moves, the Iraqi oil minister, Tayeb Abdul Kerim, said in an interview published Sunday in the Middle East Economic Survey that Iraq would call on other Arab nations, particularly Saudi Arabia and neighboring oil-producing countries, to impose economic sanctions on Damascus. "When an Arab League member state takes action against another, sanctions should be imposed, including a boycott," he said.

Iraq, already \$20 billion in debt to neighboring Gulf nations, can ill afford a lengthy shutdown of the trans-Syrian pipeline, which usually carries 800,000 barrels a day.

With its Gulf export terminals closed because of fighting with Iran, Iraq's only other outlet is a 700,000-barrel-a-day pipeline across Turkey, which has been shut repeatedly by pro-Iranian saboteurs.

Haig Leaves Argentina With New Falkland Plan

From Agency Dispatches

BUENOS AIRES — U.S. Secretary of State Alexander M. Haig Jr. flew to Washington Monday with a new proposal that the Argentine government said might help avert a war between Argentina and Britain over the disputed Falkland Islands.

In Washington, however, U.S. officials said that Mr. Haig was returning home because he had been unable to come up with a formula that would resolve the key issue of sovereignty over the islands. He was reported to be returning to Washington in order to let both London and Buenos Aires come up with something new. Officials said that Mr. Haig felt that the limits of his effectiveness had been reached.

Before leaving Buenos Aires, Mr. Haig said he remained hopeful that the dispute could be resolved peacefully, but he repeated his earlier warnings about the dangers of war.

"I am more convinced than ever that war in the South Atlantic would be the greatest of tragedies and that time indeed is running out," Mr. Haig said.

A spokesman for Argentina's president, Lt. Gen. Leopoldo Galtieri, said that Mr. Haig "is carrying a document that contains a series of ideas for an eventual solution to the conflict."

The spokesman's comment supported earlier remarks by a member of the ruling military junta that Argentina was nearing agreement with Mr. Haig and had a "working document."

"I would not say we are closer to peace than war, but with the help of the United States we are nearing a solution that will preserve Argentina's interests," said the commander of the Argentine Air Force, Brig. Gen. Basilio Lami Dozo. Gen. Lami Dozo is in the junta with Gen. Galtieri and Adm. Jorge Isaac Aya.

Mr. Haig said that when he returned to Argentina last Thursday, "I brought with me new ideas — others have been developed here. In more than three days of talks,



Secretary of State Alexander M. Haig Jr., right, with Argentine Foreign Minister Nicanor Costa Méndez, left, in Buenos Aires. Assistant Secretary Thomas O. Enders is next to Mr. Haig.

Salvador Land Reform Questioned Study Shows Lower Output on Peasant Cooperatives

By Raymond Bonner
New York Times Service

SAN SALVADOR — Agricultural production has declined substantially on the large farms that the Salvadoran government expropriated and converted to peasant cooperatives, according to the findings of a private university group here.

In several key aspects the study, which has not yet been made public, contradicts more favorable reports about the land redistribution program released by Salvadoran and U.S. agencies. The United States has lent strong support to the land reform program.

The report was prepared by the Center for Documentation and Information at the University of Central America, the largest university in El Salvador. Although U.S. and Salvadoran officials accuse the university of bias toward the left, the report is certain to be cited by recently elected rightist politicians who contend that the country's land redistribution efforts should be scrapped or substantially modified.

The findings "do not mean that the agrarian reforms should be dismantled," one of the report's authors said, adding: "What it means is that there is a reality that is being held from the people here, the American people, and your Congress."

The principal architects of the study discussed it in an interview on the condition that their names not be used. U.S. officials here will also not show their names to be used, even when citing statistics or commenting favorably about the agrarian program. Two U.S. advisers in the land redistribution program and the head of the agency that supervises it were assassinated in January, 1981.

The land program was begun in March, 1980, and was designed to alter a landholding pattern under which less than 2 percent of the population controlled more than half of the fertile agricultural land. Under the program, 329 farms with an average size of 1,694 acres have been expropriated by the government or voluntarily sold to it, and they have been converted to peasant cooperatives. These are generally referred to as the Phase I or "reform sector" farms.

Co-managed by the peasants and the government's Institute for Agrarian Transformation, known as ISTA, they produce about half

China Says Economy Needs Foreign Capital

By Michael Parks
Los Angeles Times Service

PEKING — China said Monday that it will soon be seeking billions of dollars in foreign investment to finance exploitation of its vast and largely undeveloped natural resources, including oil, coal and nonferrous metals, and to modernize and expand its industries.

Wei Yuming, vice minister of the recently consolidated Ministry of Foreign Economic Relations and Trade, said that China will begin using the extensive lines of credit — nearly \$20 billion — that it has already been offered by foreign governments and banks and will be soliciting even more extensive direct foreign investment as well.

Mr. Wei cited as an example of early projects for foreign partnership the development of huge new coal mines in Shanxi province in northern China, and in Guizhou province in the south. "Guizhou alone will need an enormous amount of investment, not just a few hundred million U.S. dollars but several billion," Mr. Wei told the Chinese news agency Monday.

China signed a preliminary agreement last month with U.S.-based Occidental Petroleum Corp. for development of what will be the world's largest open-pit coal mine, producing 15 million tons of coal a year and eventually perhaps three times that in Shanxi. Occidental's initial investment in the mine, just one of several planned for the area, will be \$230 million, the largest deal China has signed since it inaugurated its "open door" policy three years ago.

"Some foreign businessmen have expressed the worry that investment opportunities in China will fall off because of the continuing readjustment of China's national economy," Mr. Wei said, acknowledging the widespread skepticism that has arisen as China has cut back on major new investments.

Mr. Wei's remarks were backed up Monday by an article in the Communist Party journal Red

Seoul Opponent Seeks To Reorganize Party

By Henry Scott Stokes
New York Times Service

SEOUL — Kim Young Sam, banned from national politics by President Chun Doo Hwan, is moving to reorganize his New Democratic Party in apparent defiance of the South Korean authorities.

In his attempt to resurrect the party, at one time the country's leading opposition group, Mr. Kim, will be challenging Mr. Chun's power to ban groups and politicians he disapproves of from public activity, and the grip that Mr. Chun has on this nation of 38 million.

The party has no representation in the National Assembly and was not permitted to put up candidates in the 1981 legislative elections, for which the government created a new ruling Democratic Justice Party and several minority groups. The government also confiscated the New Democratic Party's headquarters building in Seoul.

"It's hardly normal that over 500 people should be just junked from national life on the whim of those in power, is it?" he said, referring to Mr. Chun's banning in 1980 of more than 500 people, including Mr. Kim, from taking part in public life. "If Mr. Chun means what he says about intending to restore democracy here, why then he can start by lifting this ban and, of course, freeing all political prisoners, just as a beginning."

Mr. Kim, 54, who was kept under house arrest for more than a year after Mr. Chun seized power in May, 1980, complained that U.S. officials in Korea did not keep in touch with South Korea's deposed politicians.

He said no one from the U.S. embassy had visited his home, even though his house arrest was lifted, since November, when a diplomat brought him a letter from Sen. Edward M. Kennedy, Democrat of Massachusetts.

Mr. Kim spoke during a seven-hour hike through mountains around Seoul with 50 of his supporters. He said that "my people,



Kim Young Sam

INSIDE

Got a Second?

At a recent conference in Arizona, Bell Lab scientists made an announcement of some scientific significance: The researchers had created a 30-femtosecond flash of laser light. Thirty femtoseconds is the shortest event ever perpetrated by man. Page 2.

Row in Rome

A spat between the Italian Socialist and Christian Democratic parties may bring down the nation's five-party coalition government. Page 4.

Bonn Technology

Part I of a two-part special supplement on German technology appears today on Pages 9S-16S. Part II will appear tomorrow.

Laser Flash: Fastest Act of Man

Light Pulse Is Tool for Watching Chemical Reactions

By Barnaby Feder
New York Times Service

NEW YORK — At a technical conference in Phoenix last week, Bell Laboratories scientists made an announcement of some scientific significance: The researchers had created a 30-femtosecond flash of laser light.

Thirty femtoseconds is the shortest event ever perpetrated by man. Technically, it is .03 of a picosecond, which is one-trillionth of a second. Charles V. Shank, head of the Bell team that built the pulsed-laser device, has a better way to describe it. "In one second, a light beam can travel from the Earth to the moon and back," he explained. "In 30 femtoseconds, light travels about 10 microns, or about one-tenth the thickness of a human hair."

What matters about this to researchers who investigate natural phenomena by measuring the impact of laser pulses on them is that virtually nothing, not even light itself, travels very far or completes any change in less than 30 femtoseconds. Therefore, since any reac-

tion the laser pulse causes or illuminates is likely to last longer than the pulse, researchers can study at least part of the reaction while it is in progress. That considerably helps investigation of physical and chemical events at the molecular level, where there is frequently little sign of how the event unfolded once it is over.

Lasers were first used in research, and research lasers continue to be an important segment of the \$1-billion laser market. About 10,000 research laboratories use lasers of one sort or another, according to John Ryan, a research laser expert at Coherent Inc., a leading laser manufacturer.

Gradual Advances

Nevertheless, advances like that made by Mr. Shank's team are easy to overlook, partly because over the past 15 years research lasers have improved gradually, rather than in dramatic leaps. Moreover, the maverick applications of industrial, commercial and surgical lasers represent larger markets for laser manufacturers.

and are easier for the general public to appreciate.

But the special characteristics of lasers, which were first described in the late 1950s and built in 1960, provide previously unforeseen research possibilities. Unlike normal light, which is a jumble of radiation traveling in all directions at various frequencies, laser light travels in one direction in a very narrow band of frequencies with the light waves moving in unison. This "coherent" light is intense, easy to focus and, if enough energy is used to generate it, able to drill through metal.

Optical Spectroscopy

The laser's ability to achieve an infinitesimal pinpoint focus has made possible such projects as that headed by Michael Berns at the Laser Microbeam Program of the University of California, Irvine. There, researchers aim lasers through microscopes to destroy tiny portions of the cell. In the past year, they have drilled holes one-tenth of a micron long in individual chromosomes. Such holes destroy "a few genes at most," Mr. Berns said, thus allowing the cell to survive and the researchers to study the effects of the loss of particular genes.

Most laser research, however, is based on optical spectroscopy, the science of identifying matter by the light it absorbs or gives off when stimulated by light input. Every substance absorbs and emits light in a pattern of light frequencies related to its atomic structure. This light signature can be lifted from infinitesimal traces of substances when a laser on the correct frequency shines on them. "We can now see one atom in the midst of almost a trillion, trillion others," said James Wynne, manager of quantum physics and chemistry studies at IBM's Yorktown Heights, N.Y., research center.

The use of picosecond laser pulses has been the fastest growing commercial laser market in the past two years, according to laser manufacturers. The chief commercial goal is to build faster and more powerful microchips, information circuits and computers by mapping more exactly the routes electrons take through semiconductor materials, the rates they travel and the effects of impurities.

But Mr. Wynne notes that picosecond and subpicosecond pulse lasers are a tool to examine other phenomena, including the exact nature of the chemical reactions in photographic film, human vision and explosions. New lasers are also encouraging basic research on the interactions among molecules in liquids and in such subjects as transitional phases — what exactly happens, for example, when the molecular disorder of a liquid like water crystallizes into the ordered structure of ice.

But so far only two cooperatives have paid dividends. "The conclusion is that appeals are being made to the American Congress on the basis of the success of the program," said one of the authors of the center's report. "But these claims of success are based on faulty data."

Researchers Dispute Yields In Salvadoran Land Reform

(Continued from Page 1)

1978-79, the pre-Phase I farms were cultivating an average of 3,199 pounds of corn per acre. In the crop year 1980-81, the last period for which data is available, production was 2,952 pounds per acre.

The center's study also reports lower overall production totals on the peasant cooperatives than did the studies by ISTA and AID. For example, the 1980-81 crop year, ISTA reported that peasant cooperatives cultivated 77,073 tons of corn, the AID study put the number at 50,100 tons, and the center said the figure was 42,034 tons. Similarly, for beans ISTA reported 9,900 tons, AID 4,331 tons and the center 3,634 tons. For coffee, ISTA reported 25,950 tons, AID 20,204 tons and the center 16,951 tons.

The center's researchers said AID's figures were unrealistically inflated for two reasons. First, the study for AID was based on visits to 22 cooperatives. "The performance of most was probably in the middle range or a little better," the authors of the AID study acknowledged.

Second, from these 22 cooperatives, the authors extrapolated production totals for 315 cooperatives. The center's researchers say it is an error to conclude that there are 315 functioning cooperatives. They cite the AID report, which

says only 268 farms receive financing. According to the AID study, the other farms had been abandoned because of violence, had not formed cooperatives, or were not accessible.

Thus, the center based its production totals on 268 operating cooperatives.

Also included in the center's report are charges that \$52.8 million generated by the peasant cooperatives is unaccounted for.

According to the center, the peasant cooperatives should have received \$115.16 million for their crops in 1980-81. After paying for seeds, fertilizers, pesticides, gasoline, raw materials, and other things, as well as wages and salaries, the cooperatives had a net income of \$52.84 million.

The center's researchers say these proceeds should have been used to pay dividends to the cooperative members, pay off bank loans, and retire part of the debt to the former owners, as the cooperatives are required to do.

But so far only two cooperatives have paid dividends.

"The conclusion is that appeals are being made to the American Congress on the basis of the success of the program," said one of the authors of the center's report. "But these claims of success are based on faulty data."



Gen. Benjamin Menendez, military governor of the Falklands, meets with field commanders.

Haig's Falkland Problem: A Lack Of U.S. Leverage on Buenos Aires

By James M. Markham
New York Times Service

BUENOS AIRES, Argentina — As Alexander M. Haig Jr., the U.S. secretary of state, continued his mediation effort over the Falkland Islands, it was becoming clear how little leverage the United States has to move Argentina toward a compromise with Britain.

Argentina's rightist military junta is one of the most conspicuously anti-Communist regimes on the continent, and, in a switch from the Carter administration's cold-shoulder approach, President Reagan has been assiduously wooing Buenos Aires as a strategic ally in the struggle against leftist movements in Central America. Lt. Gen. Leopoldo Galtieri, the bluff officer who heads the junta, had until the past few days the reputation of being one of the most pro-American leaders Argentina has had.

But the crisis touched off by Argentina's seizure of the Falkland Islands has demonstrated that Argentina's concerns and strategic interests are not necessarily those of the United States, no matter how much Washington and Buenos Aires might agree on what should be done in a place like El Salvador.

The Argentine elite has traditionally looked to Paris or London for cultural inspiration, and the Argentine economy has never come under U.S. domination. Argentina stayed neutral in World War I, and only sided with the Allies in the closing months of World War II.

There is some feeling among Western diplomats here that the Reagan administration's courtship of Argentina — and its steps to lift the embargo on arms sales imposed by Congress because of the junta's human rights record —

NEWS ANALYSIS

may have given Gen. Galtieri the wrong signals when he weighed the likely U.S. reaction to an invasion of the Falklands.

According to one diplomat, the Argentine military attaché in Washington had informed the junta that the Reagan administration was so eager for Argentine support in Central America that, in a crunch, it would tilt toward Buenos Aires, not London.

In retrospect, it is evident that the steady stream of U.S. generals and other Washington dignitaries who had been descending on Buenos Aires in the months before the April 2 occupation of the Falkland Islands could have suggested to Gen. Galtieri that he might get a sympathetic hearing on the Falklands.

On March 8, Thomas O. Enders, assistant secretary of state for inter-American affairs, concluded a goodwill visit by declaring that the two countries saw eye to eye "on almost all questions discussed" and, felicitously, described Argentina and the United States as "each in search of the other."

Western diplomats and well-informed Argentines agree that Gen.

Galtieri, who took power only four months ago and must consult senior officers on major questions, cannot surrender sovereignty over the Falklands without courting the wrath of the military and the nation, whose patriotism has been aroused by the "recuperation" of the archipelago.

"I think there is an error of appreciation by Britain, and to a certain extent by the United States, if they think they can shake the internal front by the threat to use force," said one Argentine editor, speaking of the British armada that is steaming toward the South Atlantic. "Galtieri and the generals are cornered, they have nowhere to go but forward. If they go backward, they will be swept away."

Comparing the situations of Gen. Galtieri and Prime Minister Margaret Thatcher of Britain, a foreign diplomat made a similar point more pungently:

"Mrs. Thatcher can be replaced. The system there is mature enough. But this one is very fragile. If Galtieri and the junta lose, they could be strung up in the Plaza de Mayo."

It is against this volatile political backdrop that Mr. Haig is reportedly trying to nudge Gen. Galtieri and the junta toward some formula that would skirt or blur the central sovereignty question and satisfy at least some of the British demands.

The stakes are high, and Mr. Haig has few cards to play since Argentina is not in any classic sense a U.S. "sphere of influence."

According to one account, Mr. Haig complained to junta leaders Saturday about reports in the Argentine press that pictured him as favoring Britain's case on the Falklands. The commander of the navy, Adm. Jorge Isaac Anaya, is said to have answered curtly: "We think this is so."

The meeting, according to several versions, took an even more ominous tone when Mr. Haig recalled the defense treaty that links the United States and Britain, hinting strongly that in a shooting war in the South Atlantic the Americans would support their NATO ally.

French Girl, 14, Claims to See Virgin in the Sun

United Press International

SAINT ETIENNE, France — A 14-year-old girl who claims to have seen the Virgin Mary more than 30 times by staring into the sun disappointed a crowd of 4,000 curious pilgrims by staying home during the weekend.

Blandine Fiebigy claimed to have seen the Virgin Mary by gazing into the sun, which, she said, would then "spin in the sky." But on Sunday the girl's father kept her at home in nearby Talaudière, explaining, "The virgin will not appear either Saturday or Sunday to punish the journalists who have written about her."

The mayor of Talaudière warned the crowd in a message read over loudspeakers: "If you look at the sun until you have the impression that it is spinning, it is not any miracle. It is the journalists who are completely burned and you risk becoming completely blind."

WORLD NEWS BRIEFS

Nigerian Leader Asks Special Powers

The Associated Press

LAGOS — President Shugu Shagari asked the National Assembly on Monday to give him special powers to deal with Nigeria's deepening economic troubles, the News Agency of Nigeria reported.

He described the situation as serious and said he would send the assembly legislation to enable him to deal with it, the agency reported. It did not say what powers Mr. Shagari was seeking, but it quoted him as saying that austerity measures introduced last year were inadequate.

In recent years, Nigerian industrial production has slumped and prices have soared, largely as a result of the nation's dependence on oil-derived income. Nigeria is having trouble selling its crude oil at \$35.50 per barrel, and the Organization of Petroleum Exporting Countries has warned oil companies to stop pressing Nigeria for a price cut.

Reagan Welcomes Queen Beatrix

United Press International

WASHINGTON — President Reagan welcomed Queen Beatrix of the Netherlands to the White House on Monday, hailing the longstanding ties between the Netherlands and the United States and calling for a vigilant stand against "totalitarian nations."

In a ceremony on the South Lawn, Mr. Reagan noted that Monday was the 20th anniversary of the establishment of diplomatic relations between the Americans and the Dutch. "Your majesty," Mr. Reagan said, "who can forget that New York was first New Amsterdam?"

Mr. Reagan alluded to the demonstrations in Western Europe against the deployment of nuclear weapons. He said: "Today our challenge lies not only in a desire for peace or in its advocacy, but in accepting the responsibility to do that which is necessary to preserve peace."

Glomp to Visit Vatican Next Week

Reuters

VATICAN CITY — Archbishop Jozef Glomp, the Roman Catholic primate of Poland, is to visit next week for consultations with Pope John Paul II.

The archbishop's visit, scheduled for April 26, was announced Monday by Monsignor Bronislaw Dabrowski, secretary of the Polish Bishops' Conference, on his arrival here from Warsaw.

Monsignor Dabrowski disclosed no details about his own visit, which follows a monthlong stay last month during which he had at least four meetings with the pope.

UN Refugee Chief Sees Problem Easing

Reuters

BRUSSELS — The world refugee problem is easing, although it has been acute in Pakistan since the Soviet military intervention in Afghanistan in 1979, the UN high commissioner for refugees, Poul Hartling, said here Monday.

"Refugee problems are a little less now than they were... We hope one day to be absolutely unemployed and close the shop," Mr. Hartling said after a meeting here with the development commissioner of the European Economic Community, Edgard Pisani.

He said there were still about 10 million refugees in the world, divided mainly between Africa, with an estimated 5 million, and the 2.5 million in Pakistan, where the problem had become particularly acute. "The situation of Afghan refugees in Pakistan is now the gravest in the world," he said. The Geneva-based office of the High Commissioner for Refugees spent about \$70 million in the area last year and hoped to spend more this year, he added.

S. Korea Group Assails U.S. Officials

The Associated Press

SEOUL — Forty-two church leaders announced Monday that they have decided to write to the U.S. ambassador and the commander of U.S.-Korean forces for remarks they considered insulting to the Korean people.

The statement, distributed to the foreign press here, was dated April 15 and issued by the Korea Christian Action organization, an ecumenical activist group comprising 15 Protestant and Catholic organizations. It asked the U.S. government to recall Gen. John A. Wickham Jr. and Ambassador Richard Walker and to publicly "apologize for, or clarify" their remarks. They criticized Gen. Wickham for allegedly saying on Aug. 8, 1980, that Koreans were not ready for democracy. And they assailed the ambassador for describing Korean dissidents as "spoiled brats" in an interview in February with a South Carolina newspaper.

Israeli Minister Convicted of Larceny

United Press International

TEL AVIV — Aharon Abuhatzira, 43, the Israeli minister of labor, welfare and immigration, was found guilty Monday of breach of public trust and larceny for dipping into charity funds while he was mayor of Ramle.

Mr. Abuhatzira could face a prison term of up to 10 years. Sentencing was deferred because he plans to appeal.

It was the second trial for Mr. Abuhatzira while serving in the Cabinet and the first conviction of a Cabinet minister in Israeli history. Last May, Mr. Abuhatzira was acquitted of charges of taking kickbacks while he was religious affairs minister in the previous government of Prime Minister Menachem Begin.

EEC Expects Trade-Off For Falklands Support

Reuters

BRUSSELS — Britain is likely to come under strong pressure Tuesday to accept sharp increases in Common Market farm prices in return for the support that the European Economic Community has given it in the Falkland Islands crisis, EEC sources said Monday.

EEC agriculture ministers are to start three days of negotiation on farm prices Tuesday in Luxembourg, France, in particular, will be pressing for substantial increases.

Negotiations earlier this month ended inconclusively. The EEC Commission had proposed a 10.5 percent average increase, but farmers' unions want more than 16 percent, and France has demanded a substantial increase to cover inflation and rising production costs.

Britain has refused to accept higher farm prices without progress on its demands for reductions in its contribution to the EEC budget. That cost could reach more than £1.13 billion (\$2 billion) this year if no changes are made.

Britain's demands were to have been negotiated by EEC foreign ministers earlier this month, but the talks were put off because of the Falklands crisis and the resulting resignation of the British foreign secretary, Lord Carrington. The foreign ministers will now

meet to discuss those demands in Luxembourg on April 27.

On Monday in London, Lord Carrington's successor, French Pym, met Gaston Thorn, the EEC Commission president, to prepare for that meeting. Mr. Pym thanked Mr. Thorn for EEC support in the Falklands issue and emphasized that Britain would work toward a speedy settlement of the budgetary problem.

Agreement on higher farm prices has become a major political issue for France, and sources said that the EEC ban on imports from and a halt on arms sales to Argentina could be used in the bargaining to strengthen France's case.

Attack on French Aide Is Reported in Beirut

United Press International

BEIRUT — A French Embassy employee and his wife escaped an attempt to kill them in their apartment in Moslem West Beirut, a police source said Monday.

The source said that Gilbert Kouzy, described as an administrative officer at the embassy, reported that a young woman pointed a pistol at him when he answered the door late Sunday, but that she shut the door. An embassy employee and his wife were killed Friday in their Beirut apartment.

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هكتمن النحل

Hinckley Trial Judge Weighs Move to Bar Videotapes and Testimony From Victims

By Stuart Taylor Jr.

New York Times Service

WASHINGTON — As John W. Hinckley Jr.'s trial in the shooting of President Reagan and three other men approaches, the judge is considering whether to prevent the victims from testifying and to bar use of dramatic videotapes showing how Mr. Hinckley shot them and the nature of their injuries.

Mr. Hinckley's lawyers argued in papers filed last week with Judge Barrington D. Parker that the TV tapes of the shootings and other "emotion-laden" evidence that prosecutors want to use would "inflame" the jury and should be barred as "unfairly prejudicial."

The other evidence includes testimony and photographs concerning the deadly nature of the exploding "devastator" bullets Mr. Hinckley used and the paths they took from his pistol through his victims' bodies.

Vincent J. Fuller and Mr. Hinckley's other lawyers contend that the film "Taxi Driver," which they want to show to the jury, is more relevant to "the only real issue in this case — the defendant's intent, mental condition and responsibility" for his actions.

Mr. Hinckley has pleaded not guilty by reason of insanity. He has also contended that he was not trying to shoot the president March 30 of last year, but rather to hit his limousine, according to papers filed by prosecutors Friday. The trial is scheduled to start April 27.

In "Taxi Driver," a deranged cabbie tries to impress a political candidate to assassinate a teen-aged prostitute played by Jodie Foster.

Lawyers for Mr. Hinckley have conceded he shot the president and are expected to contend that he was influenced by the film and acted out of an insane desire to impress Miss Foster.

They said that testimony by the victims, none of whom saw his assailant, could serve no purpose other than "to arouse the jury's sympathies for the victims and unfairly influence the jury's passions against the defendant."

U.S. prosecutors retorted that it was "the height (or depth) of irony" for Mr. Hinckley, "who attempted to deprive four people of their lives by shooting them with devastating bullets, to contend through his lawyers that it would be unfair to let the victims testify at his trial."

"The victims are the centerpiece of any case," Stanley S. Harris, the U.S. attorney, asserted. "We know of no trial conducted in the United States in which a defendant has successfully prevented the victim of a crime from testifying at his trial because he was unable to identify him."

The prosecutors want to present testimony by some or all of the victims, by physicians who treated them, slow-motion videotapes showing them being shot and writhing in pain, enlarged photographs of the bullets and of targets found in Mr. Hinckley's room.

They argued that the videotapes were "the best evidence of exactly how the crime was committed" and, together with other contested items, would help prove Mr. Hinckley's intent to kill his victims.

One tape the prosecutors want to use shows a Secret Service agent, Timothy J. McCarthy, being lifted off his feet by the impact of a bullet. Another shows the White House press secretary, James S. Brady, and Thomas K. Delahanty, a Washington police officer, lying grievously wounded on the ground.



John W. Hinckley Jr.

Mr. Reagan, Mr. McCarthy and Mr. Delahanty have recovered from their wounds. Mr. Brady remains partly paralyzed and has been unable to return to work.

Prosecutors have not said whether they want to present testimony by Mr. Reagan, which could be presented either on videotape or in open court.

Even if the prosecutors win the evidentiary disputes, the phase of the trial dealing with the shootings is expected to take much less time than the phase dealing with Mr. Hinckley's defense of insanity.

Baker Warns of 'Jungle of Conflict' If Talks on Budget Fail This Week

By Helen Dewar

Washington Post Service

WASHINGTON — The Senate majority leader, Howard H. Baker Jr., has warned that Congress faces an "absolute jungle of conflict" unless its leaders can reach a budget compromise with White House officials by late this week.

In addition, Sen. Edward M. Kennedy, Democrat of Massachusetts, has rejected any cuts in inflation adjustments for Social Security, a proposal that negotiators are studying as a means of reducing projected deficits. Sen. Kennedy said Sunday that he believes House Speaker Thomas P. O'Neill Jr., also a Massachusetts Democrat, shares his view.

The budget talks, aimed ultimately at producing an accord between President Reagan and Rep. O'Neill, resumed Sunday at the White House and are to continue through Tuesday. Sen. Baker has warned that if no compromise has been reached by late in the week, Congress will begin writing its own budget.

In a television interview Sunday, Sen. Baker, a Tennessee Republican, said the chances are "still as good as 50-50" for a compromise that would reduce the budget deficit for fiscal 1983 from as much as \$180 billion to less than \$100 billion.

Sen. Baker said Mr. Reagan told him Saturday in a telephone conversation that he is "pleased with the progress of the negotiations so far."

Although the president did not say he would accept tax increases or military cuts, Sen. Baker said he is "encouraged to think" that Mr. Reagan would accept an income surtax on the wealthy as well as some reductions in the military spending increase that the administration wants over the next three years.

Sen. Pete V. Domenici of New Mexico, the Republican who is chairman of the Senate Budget Committee, appeared less optimistic as he arrived at the White House for Sunday's meeting. Asked if the negotiators were near an agreement, he replied, "No."

Sen. Kennedy, in a television interview, was unequivocal in his opposition to any changes in Social Security this year.

Closing Loopholes

He said he would rule out such changes even if it meant there would be no compromise on the budget. He said there were "many other areas where there can be adjustment or change," adding, "I don't hear the administration talking about closing some of the tax loopholes that they created" in last year's tax-cut legislation.

Asked if Rep. O'Neill shared his views, Sen. Kennedy said, "I would think he would.... He's been a strong supporter of the Social Security system."

While appearing optimistic about getting an agreement that would satisfy Mr. Reagan, Sen. Baker said the president is strong enough politically — "strong as a horseshoe," as the senator put it — to do whatever he wants.

But with impatience growing over the budget impasse even in the Republican-controlled Senate, Sen. Baker has set late this week — aides say Thursday — as the deadline for a compromise agreement.

May 15 is the deadline for congressional enactment of a budget, and Sen. Baker has vowed to get action at least in the Senate by then.

If the Senate writes its own budget, "I think we will then enter an absolute jungle of conflict," Sen. Baker said. "We will have a raging debate on the floor of the Senate and in the House of Representatives about all of these items; that is, the third year of the tax cut, about a surtax, about excises, about... a fuel tax or oil-import fees and all the rest."

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FBI Director, Ending Silence, Defends Abscam

By Ronald J. Ostrow

and Robert L. Jackson

Los Angeles Times Service

WASHINGTON — Breaking a long, self-imposed silence, the director of the Federal Bureau of Investigation, William H. Webster, has strongly defended the bureau's Abscam investigation and has made clear that he would use the same undercover tactics again, if necessary.

With firmness and occasionally some heat, Mr. Webster declared that "we will always follow our leads." He dismissed allegations that the investigation, which resulted in the conviction of seven members of Congress on bribery and other charges, somehow trapped innocent men.

The Abscam probe resulted in

the convictions of Sen. Harrison A. Williams Jr., Democrat of New Jersey, who resigned his seat March 11, six House members and 11 others. FBI agents posed as representatives of a fictitious Arab sheikh who was willing to pay cash for legislative favors, including help in gaining permanent entry into the United States.

To criticism of Abscam by Sen. Alan Cranston, Democrat of California, and others, Mr. Webster, a former U.S. judge, offered point-by-point replies:

• The FBI uses "con men" and others with criminal records in such investigations because that is what it takes to catch the guilty. "Abscam was purposely sleazy so that no one would stick around it, except someone who wanted to deal with sleazy people," he said.

• Abscam did not set out to investigate members of Congress but instead began as an attempt to catch art thieves. As the inquiry developed, it moved into other areas and congressmen walked into the net. "We did not select any congressmen," Mr. Webster said. "They were self-selected. They found their way to us."

• Anyone who listens to the FBI tapes of meetings between public officials and undercover agents will learn the extent of the corruption. "If you hear those tapes, you get some idea of how blatantly corrupt those discussions were. There wasn't anything coy about them," he said.

• Through letters, the public has let the FBI know that it wants the bureau to continue investigating corruption in high places. "The message is: Don't let anybody stop you," Mr. Webster said.

• The FBI chief said he had been "necessarily constrained" until now in discussing the extraordinary investigation. But with the completion of virtually all trials, and as House and Senate committees prepare for inquiries into the methods used in Abscam, he said he felt free to talk about how the bureau managed the probe.

He rejected Sen. Cranston's contention that Abscam ran "totally out of control." He said the charge, which Sen. Cranston made during debate over proposed expulsion of Mr. Williams from the Senate, was leveled "in a moment of rhetoric and emotion... unsubstantiated by the actual facts."

"No one ever said where it was out of control," Mr. Webster said. And he noted that U.S. District Judge George H. Pratt of Brooklyn issued a 134-page opinion in July

that upheld the conduct of FBI agents in Abscam.

It was when he was asked whether the FBI would ever conduct another undercover investigation of congressmen that Mr. Webster said, "the answer is, we will always follow our leads. We always have some operations going where some public official's name is in the works. It may be pure puff on the part of some confidence man, or it may be real."

He added that the FBI has no investigation under way now similar to "what happened in Abscam."

Of the seven members of Congress who were convicted of bribery and other Abscam crimes, Rep. Michael J. Myers, Democrat of Pennsylvania, was expelled. Mr. Williams and Rep. Raymond F. Lederer, Democrat of Pennsylvania, resigned under threat of expulsion and the others were defeated for re-election.

Of the case most frequently cited as an example of unfair FBI tactics — that of Sen. Larry Pressler, Republican of South Dakota — Mr. Webster acknowledged that he gave personal approval to a bribe offer to Sen. Pressler, which the senator rejected.

Since word first surfaced two years ago that Sen. Pressler was almost swept up in the Abscam net, the freshman senator has requested and received at least three letters from the Justice Department and FBI stating that he had not been involved in any wrongdoing, Mr. Webster said.

Sen. Pressler, while expressing outrage at the incident, has repeatedly called attention to the fact that he left a meeting with the bogus Arab businessman at the first hint of a criminal offer.

An FBI memo, furnished to the Senate Ethics Committee last month, showed that Joseph Silvestri, a businessman now under indictment, reported on Nov. 7, 1979, that he would bring Sen. Pressler to meet the businessman, whom Mr. Silvestri did not know were FBI agents.

Mr. Webster said he put the following handwritten instruction on the memo: "Try to be sure this new senator knows he's being paid — bribed."

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Prot

Minister's Anti-Socialist Remark Causes Turmoil in Italian Cabinet

From Agency Dispatches

ROME — With an economic crisis looming, a row between the Socialist and Christian Democratic parties threatened Monday to bring down Italy's five-party coalition government.

The dispute, which has immobilized the Cabinet, began when the Christian Democratic treasury minister, Beniamino Andreatta, supposedly likened the Socialists to Nazis. Premier Giovanni Spadolini announced that he was forced to put off a Cabinet meeting Monday after Socialist ministers refused to attend. They left open the possibility of a complete withdrawal from the 10-month-old coalition.

Socialist Party officials Sunday demanded the resignation of Mr. Andreatta, a distinguished economist, after he allegedly told a party meeting that votes for the Socialists might lead to a new fascist era.

"Every vote that the Socialist Party wrests from us risks bringing Italy to national socialism," newspapers Monday reported Mr. Andreatta as saying.

The Socialists expressed outrage at the term "national socialism," accusing Mr. Andreatta of likening them to Hitler's National Socialist German Workers' (Nazi) Party.

Mr. Andreatta, interviewed by several newspapers, said he had not intended to refer to Hitler.

Christian Democratic Party leaders pledged their full support. But Finance Minister Salvatore Formica, the senior Socialist in the coalition, announced that his party was boycotting the Cabinet and left open the possibility that the Socialists, deeply dissatisfied with their junior role in the coalition, could bring down Mr. Spadolini and force early elections.

Mr. Spadolini briefed President Sandro Pertini on the govern-

ment's difficulties. Cabinet sources said. Political observers have been saying for weeks that Mr. Pertini may have to call early elections.

[Italian newspapers reported Monday that the Red Brigades planned to attack Rebibbia prison in Rome and free their comrades standing trial for the murder of former Premier Aldo Moro when the trial began last Wednesday. Informers, however, tipped police to foil the plot. The Associated Press quoted the papers as saying.

(The guerrillas also reportedly planned to kill eight magistrates handling terrorist cases, having stalked at least one of them before police learned of the plot and assigned him extra guards. The reports were based on statements from terrorists cooperating with authorities, the Italian news agency and several daily papers said.)

The row between the Socialists and Christian Democrats broke out as Italian monetary authorities tightened foreign exchange controls to head off an economic crisis.

The Bank of Italy reported a near-record \$2.6-billion capital outflow in March. Italy's trade deficit reached a record \$2.2 billion in February after the abolition of a drastic import deposit regulation imposed last May to stem an earlier run against the lira.

Mr. Spadolini warned a week ago that the soaring trade deficit combined with moves to index severance pay for laid-off workers could undermine his economic policy.

Foreign exchange dealers Monday reported that the Italian currency was holding steady against the dollar and major European currencies despite the growing political and economic uncertainties.



Beniamino Andreatta

Kremlin Decree Seen as Effort to Force Sea Treaty

Reuters

MOSCOW — The Soviet Union has issued a decree allowing state enterprises to search for minerals on the ocean bed. Western diplomats said it was an apparent attempt to pressure Washington into signing an international treaty on the law of the sea.

The decree, published Sunday by Tass, said that Soviet authorities would issue permits for the development of different areas outside territorial waters. It also set out regulations for prospecting and mining operations.

The decree said, however, that prospecting could not start before 1988, and it declared that the entire decree would be scrapped if an international agreement on developing seabed resources was worked out in the meantime.

The preamble to the decree said that Moscow had been forced to take measures to protect its own interests because some Western states were introducing legislation enabling domestic firms to proceed with plans to tap the ocean's reserves.

Western diplomats said that Moscow feared it would be left behind if there were free competition for opening up the ocean floors because its technology lagged behind that of the West.

Western diplomats said that Moscow feared it would be left behind if there were free competition for opening up the ocean floors because its technology lagged behind that of the West.

Soviet Marshal in Hungary
BUDAPEST — Premier Gyorgy Lazar has taken Monday with the commander in chief of the Warsaw Pact forces, Soviet Marshal Viktor G. Kulikov, who is in Hungary for staff exercises, the news agency MTI reported.

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Brandt Urges Party to Back NATO on Missiles

By Chris Catlin

Reuters

MUNICH — Willy Brandt, chairman of the Social Democratic Party, urged the party at the start of its national congress Monday to renew support for NATO strategy on missile deployment and arms talks.

Mr. Brandt, a former chancellor, acknowledged in a keynote address that the party, which is split on the arms issue, faced greater difficulties than at any time since it first took part in a government more than 15 years ago.

He appealed to the 440 delegates to turn the five-day congress into a "Social Democratic rally" to revive the party's battered political fortunes.

Mr. Brandt rejected speculation about a possible breakdown of Chancellor Helmut Schmidt's left-liberal coalition, which he said the party wanted to see strengthened.

Support for Coalition
"We Social Democrats will keep to our word: We stand by the Social Democratic coalition and the coalition with the Free Democrats," declared Mr. Brandt, who has also served as mayor of West Berlin and who won the Nobel Peace Prize for his efforts to bring about détente.

Mr. Schmidt, who was to speak Tuesday, has staked his career on the NATO's 1979 decision to deploy 572 U.S. Cruise and Pershing-2 missiles in Western Europe beginning late next year unless Washington and Moscow agree before then on limiting the deployment of strategic weapons.

His stance is being challenged by a vociferous anti-nuclear peace movement, which rallied 50,000 protesters in Munich on the eve of



Chancellor Helmut Schmidt of West Germany, right, with Willy Brandt, chairman of the Social Democratic Party, on the first day of the national party congress in Munich on Monday.

the conference, and by a sizable minority within the Social Democratic Party. The NATO decision which is likely to be one of the main sources of dispute at the congress.

Mr. Brandt said that he shared many of the peace movement's goals, but at the same time feared "the illusions which arise from being too far from reality."

The NATO decision, he said, put pressure on the United States and the Soviet Union to reach agreement at their Geneva talks on curbing medium-range missiles in Europe, he said.

it ever abandoned the concept that détente went hand-in-hand with military security, he said.

Mr. Brandt also hailed the emergence of a church-backed peace movement in East Germany and criticized the Communist authorities for banning its "swords to plowshares" emblem.

The Social Democratic Party leadership, which is trying to avert a showdown on the arms issue, has submitted a resolution suggesting that the party defer a final verdict on deployment of new missiles until just before they are due to be stationed. The proposal, to be debated Wednesday, seems assured of approval by the congress.

A Sorry Picture

Mr. Brandt conceded that the Bonn coalition, which almost collapsed last year amid disputes over the budget and unemployment, had at times presented "a sorry picture" since it was re-elected 18 months ago.

His comments appeared to be borne out by a public opinion poll published Monday by Der Spiegel magazine, which showed that 53 percent of West Germans polled want the Free Democratic Party to form a coalition with the opposition Christian Democrats.

Mr. Brandt, who received a two-minute standing ovation, urged Social Democratic politicians to ensure that what they said in parliament and in public tallied with majority party decisions.

The demand was clearly directed at, among others, Richard Plöcher, a party left-winger, former minister and leading figure in the peace movement, who predicted Sunday that the real battle over missile deployment would start after the congress.

Mauroy Seeks to Ease Cabinet Feud on Security

By Robert Evans

Reuters

PARIS — Prime Minister Pierre Mauroy stepped firmly into a national law-and-order debate Monday by rejecting a proposal by the interior minister, Gaston Defferre, that French police be given wider powers to shoot at suspected criminals.

Mr. Mauroy, in charge of the administration while President Francois Mitterrand was abroad, indicated that the government might, however, consider giving police more latitude in making identity checks.

The statement was issued after Mr. Mauroy met Mr. Defferre and Justice Minister Robert Badinter, who has been championing wide-ranging reform of the legal and penal system since the Socialists were elected last year.

Differences between the two ministers emerged publicly last week when Mr. Defferre told a meeting of police chiefs that their men should have wider powers to combat street crime and terrorism. He was speaking after the government postponed consideration of legislation drafted by Mr. Badinter that would replace a law designed to toughen the penal code

that was introduced two years ago amid strong criticism from the left, then in opposition.

The postponement was criticized by civil rights groups, who expressed fears that the government was giving in to pressure from a law-and-order lobby following a number of shootings and bombings in France this year.

Political sources said that Mr. Badinter, a former lawyer under whose direction the abolition of capital punishment was passed through Parliament last year, had been alarmed by the decision to delay consideration of his proposed legislation.

When Mr. Defferre proposed the extension of police powers the Justice Ministry said that the interior minister was speaking only for himself. Center-right and rightist opposition parties, however, hailed what they saw as a major government split.

Alain Peyrefitte, who as minister of justice under former President Valéry Giscard d'Estaing was the architect of the 1980 freedom-and-security law, said that Mr. Defferre was in fact proposing tougher legislation than his own law.

Following Monday's meeting of

the two ministers and the prime minister, Mr. Mauroy's office said there would be no change in present procedure, under which police are allowed to use guns only as a last resort if their lives are threatened.

Mr. Defferre said last week that police should be able to shoot at suspects after one warning, as the paramilitary gendarmes controlled by the Defense Ministry have been allowed to do for almost 80 years.

He also said that ordinary policemen on the beat should have the right to demand proof of identity from any person arousing suspicion, and not simply in the course of specific and approved police operations, as Mr. Badinter would have it.

Mr. Mauroy's office said that a decision on identity check procedures would be made at a full Cabinet meeting under Mr. Mitterrand

after the prime minister had put forward his proposals.

Political sources said that although Mr. Mauroy did not agree with Mr. Defferre's proposals as they stood, he was aware that public concern over recent serious crimes made it difficult to introduce further liberalization of the law.

They said that Mr. Mauroy would discuss the issue with Mr. Mitterrand before Wednesday's regular Cabinet meeting. But it was unlikely that any firm decision on new legislation would be made for some weeks, they said.

Mitterrand Returns

PARIS (UPI) — Mr. Mitterrand returned Monday from a five-day state visit to Japan and was met at the airport by Mr. Mauroy.

Mitterrand, Trudeau Discuss June Summit

From Agency Dispatches

VANCOUVER, British Columbia — France and Canada have agreed that June's economic summit of the leading industrial nations will search for ways to counter the international recession but is unlikely to find a common position on U.S. interest rates and Japanese trade surpluses.

President Francois Mitterrand of France and Prime Minister Pierre Elliott Trudeau of Canada, who held six hours of talks on the Versailles meeting, called for a consensus to help the West overcome trade protectionism and the growing problem of wild currency fluctuations.

But Mr. Mitterrand said before leaving for Paris on Monday: "The summit is not a tribunal. The United States is not on trial for its interest rates, nor Japan for its trade surplus."

The French president arrived in Canada on Sunday after a five-day state visit to Japan during which he warned Tokyo that it must curb its growing trade surplus.

Yugoslav Aide in Moscow

The Associated Press

MOSCOW — Gen. Nikola Ljubich, Yugoslavia's defense minister, arrived here Monday for an official visit, Tass reported.

Senior French officials said privately that their country wanted to ask the United States at the summit to control the sharp movements of its currency that are hurting European economies. It also wanted the United States to reduce efforts to cut its budget deficit.

The summit is set for June 4 to 6 and will bring together the leaders of the United States, Japan, West Germany, France, Britain, Italy, Canada and the European Economic Community.

Mr. Trudeau emphasized Canada's common stand on world economic problems with the European summit nations and Japan but expressed disappointment that U.S. interest rates had not fallen.

"We are on the side of the United States because we want to make the monetary policies" work, he said, but "especially we want a stable monetary policy."

French officials, who said there was encouraging support for their ideas among the other summit countries, linked the destabilizing impact of U.S. economic policy with the rise of nationalism in Europe and calls there for unilateral disarmament.

The officials argued that the United States was undercutting its own policy of taking a tougher line on relations with the Soviet bloc by weakening its European support.

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International Restaurant Guide

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Ayatollah Denies Role In an Alleged Attempt To Unseat Khomeini

United Press International

LONDON — Ayatollah Kazem Shariatmadari, who is being held under house arrest in the Iranian city of Qum, denied Monday having had any role in an attempted coup against Ayatollah Ruhollah Khomeini.

The denial statement was relayed by Ayatollah Shariatmadari's son, Hassan, who also said that armed guards had prevented his father's doctor from entering the house.

In a phone call from his home in Qum, Hassan Shariatmadari said his father's denial was not published by Tehran newspapers, which earlier reported government charges that his father was involved in a coup plot along with former Foreign Minister Sadegh Ghotbzadeh.

Iranian authorities arrested Mr. Ghotbzadeh and scores of other suspects early last week. Mohammed Reza Shah, the military prosecutor, was quoted Monday by Tehran radio as saying, "If the charges against Ghotbzadeh can be proved, with the documents we have against him, he will be executed."

Hassan Shariatmadari said members of the Revolutionary Guard had been posted around his father's house in Qum since Friday.

The guards ransacked the ayatollah's religious school Friday following sermons against him by government-backed mullahs in Tehran and Qum.

The guards also arrested two of the ayatollah's sons-in-law, Ahmed Abbas and Jalal Emami, and several of his staff members. A pregnant daughter of the ayatollah was also arrested.

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Ayatollah Shariatmadari

2 Quit Posts In Australian Government

Reuters

CANBERRA — Australia's health and customs ministers resigned Monday over the health minister's failure to declare a miniature radio-television to customs officers in October.

After five hours of discussions with senior ministers, Prime Minister Malcolm Fraser announced that he had accepted the resignations of Health Minister Michael J.R. Mackellar, 43, and John Moore, 45, who as business and consumer affairs minister was responsible for customs.

The affair has caused new difficulties for Mr. Fraser, 51, who already faces spreading public discontent over high interest rates, inflation, unemployment and other economic problems.

Earlier this month, Mr. Fraser survived a challenge to his leadership of the Liberal Party from Andrew Peacock, a former foreign minister. Some political analysts said that the new crisis could seriously weaken Mr. Fraser's position and cause a new challenge.

Reprimanded by Telephone

In a weekend statement, Mr. Mackellar said that he had failed to declare the \$260 radio-television when he brought it into Sydney from Hong Kong. Mr. Moore admitted being told of the matter by a senior member of his ministry and said he reprimanded Mr. Mackellar by telephone but later decided not to pursue it.

Mr. Fraser named two ministers to replace the two men, but he is not expected to make any further changes in his coalition government until Parliament adjourns in May.

The prime minister said that Peter Baume, the aboriginal affairs minister, would be sworn in Tuesday as health minister, and that Neil Brown, the employment and youth affairs minister, would also take on responsibility for business and consumer affairs.

about the instructions I left. Neither the opposition nor the majority should be worried. The instructions I left were simple."

He said he was merely trying to circumvent potential problems. For example, he said, if it should develop that there would be no quorum in the executive committee that would take over until a new president could be elected, Gen. Ver had instructions on filling the vacancies and seeing to it that elections were called within the prescribed time of 45 to 60 days. "Now what is wrong with that?" the president asked.

He said the instructions were explained in a videotape that he had left in his office.

"But that's neither here nor there now," he said, "because, thanks to the almighty, I am here and I withdraw all authorizations."

By Dusko Doder

Washington Post Service

MOSCOW — A group of Western anti-war activists attempted to bring the peace movement to Moscow on Monday, but they were seized almost instantly as they unfurled a banner that said in Russian, "Bread, life and disarmament."

Security agents arrested the seven Western Europeans before they managed to hand out a single leaflet in the Red Square demonstration.

The seven, all men who appeared to be in their 20s and 30s, were quickly taken away in waiting police cars and were detained for several hours.

A Soviet Foreign Ministry spokesman later described the incident as trivial. He said the seven men had been released and would leave the country on schedule Tuesday when their tourist visas expired.

Except for a group of Western newsmen tipped off in advance by the protesters, the crowd of Russians and foreign tourists gathered outside the Lenin Mausoleum showed little interest in the incident. It took place at 1 p.m., the hour of the changing of the guard outside the mausoleum.

The Soviet security police KGB also appeared to have had prior knowledge of the demonstration.

A spokeswoman for the demonstrators, Anne Brocquemont, said those arrested were two Frenchmen, two Spaniards, two Italians and a Belgian. All except the two Spaniards were described as members of the Rome-based Radical Party, which is campaigning against military expenditures and urges greater economic assistance to Third World countries.

Miss Brocquemont described the two Spaniards as members of a movement opposing war on the grounds of conscience.

(Radical Party officials said at

Civil Guard Installation Attacked in Continuing Basque-Area Violence

The Associated Press

MADRID — A Civil Guard headquarters in Spain's northern Basque country was attacked overnight with grenades, and one policeman was killed and eight others were wounded. The attack was blamed on the Basque separatist organization ETA, police said Monday.

It was the fourth grenade attack by suspected ETA commandos over the weekend against Civil Guard installations and police armed cars in northern Spain. It followed the bombing of a key Madrid telephone exchange early Sunday by gunmen believed to be Basque guerrillas.

On Monday, Premier Leopoldo Calvo Sotelo informed King Juan Carlos I of measures adopted at a special meeting of the Cabinet on the fight against terrorism.

Interior Minister Juan José Rosón said that the government had agreed to call for the collaboration of the army with the security forces, especially to control the frontier with France, in an attempt to prevent infiltration by terrorists.

"This collaboration of the armed forces," Mr. Rosón said, "will permit the security forces a greater action against terrorists."

He also said his ministry will offer a reward of the equivalent of \$100,000 for information leading to the capture of ETA gunmen.

Meanwhile, the president of the national telephone company, Salvador Sanchez Teran, said that service knocked out Sunday was partly re-established Monday. About 170 kilograms (about 77 pounds)

of plastic explosives had been set off in a telephone substation. The blast injured five persons, caused damage estimated at \$10 million and disrupted service for 20,000 local subscribers and 700,000 in other parts of Spain.

The commandos team that attacked the Civil Guard headquarters at Elbar, near San Sebastián, late Sunday, launched three grenades and fired pistols and submachine guns, police said.

Civil guards fired back and, in a shootout, a 20-year-old man was wounded in the left thigh by a bullet.

The attackers fled in two waiting cars.

ETA, which in the Basque language is an acronym for the words Basque homeland and freedom, is seeking independence of the Basque region from Spain. The guerrilla organization is blamed for 11 assassinations this year, all carried out in the Basque country.

Army Discipline Taught in Uganda

United Press International

KAMPALA, Uganda — A 36-man British Commonwealth military force opened a training program Monday aimed at instilling military discipline in the Ugandan Army, less than a week after Amnesty International condemned the Ugandan Army for widespread torture and indiscriminate killing of civilians.

The Commonwealth force, made up of officers of the British, Canadian and Australian armies and senior officers from five other Commonwealth countries, opened the camp at Jinja, on the outskirts of Kampala.

The first group of Ugandan soldiers to take the training included 80 senior noncommissioned officers. The program is expected to last at least eight weeks and other camps will be started for junior Ugandan officers next month, a spokesman for the British High Commission said.

NEW YORK — Jewish memorial services were held throughout the United States to mark the 39th anniversary of the Warsaw ghetto uprising in which thousands of Jews were killed.

Benjamin Meed, a survivor of the uprising, told a gathering Sunday at Temple Emanu-El in New York City, "Let us remember what we have seen. We can never forget it and we shall not allow others to forget." President Reagan, in a letter read to the group, said, "The terrible specter of death camps and savage oppression are a memory that must never be forgotten."

Congress has designated this week Days of Remembrance of the Victims of the Holocaust.

Chadli Begins Foreign Trip

The Associated Press

ALGERS — President Bendjedid Chadli left Monday for Belgrade on the first leg of a trip that will also take him to India and China, the official Algerian news agency said.

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Islamic Mediation Team Quits Iran After Talks

United Press International

BEIRUT — A team of Islamic mediators left Tehran Monday after a brief visit and talks with President Ali Khamenei on the 18-month-old Iraqi-Iranian war, Tehran radio reported.

It said that the team, led by President Ahmed Sikiou Touré of Guinea, went to Baghdad for similar discussions with Iraqi leaders. The team was set up by the 42-nation Organization of the Islamic Conference.

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United Press International

KAMPALA, Uganda — A 36-man British Commonwealth military force opened a training program Monday aimed at instilling military discipline in the Ugandan Army, less than a week after Amnesty International condemned the Ugandan Army for widespread torture and indiscriminate killing of civilians.

The Commonwealth force, made up of officers of the British, Canadian and Australian armies and senior officers from five other Commonwealth countries, opened the camp at Jinja, on the outskirts of Kampala.

The first group of Ugandan soldiers to take the training included 80 senior noncommissioned officers. The program is expected to last at least eight weeks and other camps will be started for junior Ugandan officers next month, a spokesman for the British High Commission said.

NEW YORK — Jewish memorial services were held throughout the United States to mark the 39th anniversary of the Warsaw ghetto uprising in which thousands of Jews were killed.

Benjamin Meed, a survivor of the uprising, told a gathering Sunday at Temple Emanu-El in New York City, "Let us remember what we have seen. We can never forget it and we shall not allow others to forget." President Reagan, in a letter read to the group, said, "The terrible specter of death camps and savage oppression are a memory that must never be forgotten."

Congress has designated this

INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

Page 6 Tuesday, April 20, 1982

Release the Haitians

For months, in some cases a full year, the United States has "detained" undocumented Haitian migrants. Imprisoned is more like it; some are in fact housed in prison cells. But unlike prisoners, the Haitians do not know when their sentences will end. Once, this detention policy was justifiable. Now, after so many months, it has started to smell: like the detention of Japanese-Americans in World War II; like racism; like cruelty.

A former immigration official reports that last Christmas, a Miami radio station sent a black Santa to give presents to the Haitian children held behind the razor wire of the Krome South detention center. He was forbidden to see them and had to leave the presents in a parking lot.

Another official tells of a Haitian man in the adjacent Krome North camp who was transferred to a new camp so quickly that he was not allowed to go to the bathroom to get his false teeth; six months later, his dentures still had not arrived.

Other observers tell of detainees at Krome and a dozen other locations who have become psychotic because of "the awful boredom." Husbands are separated from wives, children from families. Some Haitians have been subjected to indignities, others to physical mistreatment.

Why? What have these 2,200 pitiful people done to deserve such punishment? Their offense is that, desperate to escape poverty or persecution, they have tried to enter the United States. After a year of imprisonment, conscience calls out for relief.

Originally, there was a logic to detention, a logic we were willing to support. The United States needs to get control of its borders. Illegal gate-crashers, however pitiful, should not be allowed to displace legal immigrants who have waited their turn, often for years. Detaining Haitians pending hearings may discourage other gate-crashers. But because of a legal logjam, the hearings have been put off endlessly and detention has turned into indefinite imprisonment. The result has been to pile injustice on inequity on inefficiency.

Start with the inefficiency. Hundreds of Border Patrol officers have been diverted to staff the detention camps.

The cost comes out to \$22,000 a year for guarding each Haitian — and that ignores the paradoxical cost in border enforcement. Apprehensions of illegal aliens have dropped from 1.2 million to about 750,000 in the last fiscal year. The inequity relates to other nationalities. Hundreds of thousands of other illegal entrants are apprehended annually, but only a handful are detained. Virtually every one of the undocumented Haitians, all black, are detained.

As for the injustice, the administration is belatedly providing language and other training, and Attorney General William French Smith deserves applause for persuading 250 Florida lawyers to volunteer to tackle the backlog of cases. But while the conditions of detention are improving, the duration of detention is not; the months pass.

Where can the Haitians turn? Congress could pass an emergency law to unblock the sclerotic hearing process. But so far, it sees only abstract injustice; it is considering legislation in so deliberate a manner that no relief seems likely for months. The courts have been receptive. U.S. District Judge Robert Carter last week ordered the release of 53 Haitians being held in Brooklyn, N.Y. But appeals in this, and a similar case pending in Florida, will drag on for more months.

There is one place to turn: Attorney General Smith. He has discretionary authority to "parole" the Haitians into the custody of responsible organizations pending hearings. The time has come for him to use it.

To release them may send a signal encouraging more migration. If so, let that goad Congress to act more promptly. Not to release them etches an ever deeper stain into the U.S. conscience. "After 10 months of unlawful confinement in a harsh environment," Judge Carter ruled, "justice demands swift remedial action." Head and heart, he is right. Let them go.

THE NEW YORK TIMES.

Nuclear What Ifs

Most people now concede that with the thousands of Argentine troops and the closing circle of British warships, the Falklands crisis is serious. But consider for a moment how it would seem if this confrontation were occurring three or five years from now, or whatever small number of years it will take Argentina to make its nuclear weapons.

Argentina does not now have a nuclear capability. But the Argentine government is building facilities and making statements that clearly indicate active, even urgent, preparations for assembling atomic bombs. The current government has refused to renounce "peaceful" nuclear explosions. In what might be a hint of preparations for nuclear tests, a high-level official recently went so far as to say that Argentina might want to use nuclear explosions for mining or canal construction, using long since abandoned by the nuclear powers.

What would be different if Argentina already had the bomb? Here is a government that took what it knew to be a rash step in order to divert public attention from economic and political problems it cannot solve. It has fanned patriotic sentiment to the point where it must find a face-saving solution or be kicked out of office. Is this a government that would shrink from declaring: "We will use every resource at our disposal to defend the Malvinas."

Nuclear weapons might not be of much direct military value. In fact the current situation is a useful reminder to the nuclear pow-

ers that their nuclear weapons are of little help in meeting the military threats most likely to arise. But if Argentina could not drop an atomic weapon on London, or gain any advantage by using one against the British fleet, it might hope to gain negotiating advantage, and perhaps more, with a little nuclear saber rattling.

The level of international alarm would rise by several degrees. Argentina's neighbors would be more than a little agitated. The possibility of involvement by the Soviet Union would at once become far more serious.

Among the other near or would-be nuclear states — Brazil, Libya, Iraq, Pakistan, South Africa, Israel, Taiwan and others — how many might face domestic unrest equal to that in Argentina? How many others might be tempted to focus attention elsewhere? How many face traditional foes, have lost territory or hope to avenge a past wrong? How many other places or causes still obscure could spark such an "unlikely" crisis?

Nuclear nonproliferation is a difficult subject, full of obscure technologies and tedious jargon. The effort to curb or inhibit the spread of nuclear weapons seems a futile endeavor that succeeds only in making trouble between the United States and its allies. It is too easy to lose sight of the central fact, of which the Falklands episode is a timely reminder — that the more nuclear nations there are, the more likely it is that some day, one or many of these weapons will be used.

THE WASHINGTON POST.

Other Opinion

Tension in the Middle East

Even if all goes well on April 25, the current tension in the Middle East will not have lifted. The mere fact that Israel had been seen to behave honorably over the Sinai evacuation ... might well tempt her leaders to chance her arm on their northern border with the Lebanon, by launching a limited military strike against the close-range threat of Palestinian guerrilla forces.

There is one other immediate inducement to Israel's hawks to set about their enemies now, and that is the Falklands crisis which is monopolizing the attention of the Western world and the diplomatic energies of the United States.

— From the Sunday Telegraph (London).

Mr. Begin has made no secret of the fact that he intends the eventual incorporation into Israel of the West Bank and the Gaza Strip, with or without some limited form of autonomy for the million or more Palestinians who live there.

But the methods he is using to try to break the political opposition among the Palestinians — the shooting of unarmed demonstrators, the use of vindictively prolonged curfews against whole towns and villages — threaten in the long run to undermine both the peace with Egypt and the foundations of the state of Israel itself.

— From The Observer (London).

On British-U.S. Relations

Outside the British government, Uncle Sam has probably not been so unpopular (in Britain) for a long time. Perhaps the feeling emanates from a misunderstanding. It is that American and British interests always coincide because blood, history and two world wars give us kinship. The Falklands crisis has shown us that, though our interests may be very similar in Europe, this cannot be so everywhere in the world.

— From the Daily Telegraph (London).

April 20: From Our Pages of 75 and 50 Years Ago

1907: Paying for an Election

WASHINGTON — President Roosevelt is considering whether it would not be advisable to ask Congress to pass a law providing that all the campaign expenses of the candidates in the national elections should be paid by the government. He believes that such a plan could be satisfactorily worked out. His experience, he says, leads him to believe that the raising of campaign funds by popular subscription is a serious evil, yet campaigns cannot be conducted without money. Mr. Roosevelt realizes that a large share of the campaign funds consists of contributions from men who are financially interested in the elections and who expect some return for the financial support that they have given.

1932: Paying for a War

LONDON — A clear indication that the British government regards the whole question of German reparations and war debts as already in the melting pot has been furnished by Neville Chamberlain, chancellor of the exchequer, when he introduced the national budget for the current financial year. The chancellor revealed that he was leaving completely out of the budget both receipts from Germany or the Allies and payments due to the United States. He admitted that some regulation of these payments might have to be incorporated in a supplementary finance bill next fall. He also announced the government's decision to stabilize the exchange value of sterling as far as is humanly possible.



Defense in Europe: No Pullout, Now or Ever

By William F. Buckley Jr.

WASHINGTON — Evan Galbraith, Mr. Reagan's ambassador to France, came to New York recently to deliver a speech to the Council on Foreign Relations in New York and to its counterpart in Chicago. It was the same speech, which was OK inasmuch as the theme he addressed did not obsolesce overnight, nor is it likely to do so a decade hence.

The theme is simply stated but intricately argued. It is that the United States must resist any temptation, however beguiling, to pull U.S. forces out of Europe.

"Even if we hated Europe," Mr. Galbraith said, "it would be stupid to do so. The problem is that there are non-stupid people who want us to pull out of Europe, and the imperative is to persuade them that from any point of view, it doesn't make sense."

Paris Experience

Mr. Galbraith is by profession a banker, a graduate of the Harvard School of Law, and a man whose refreshing impact is already registered on the French diplomatic community. Sen. Claiborne Pell, who as a member of the Senate Foreign Relations Committee, closely questioned President Reagan's nominee, looking for weaknesses (Mr. Galbraith was a political appointment), finally ca-

pitulated, reading gracefully into the record a statement that although he conventionally gives a standard speech deploring political appointments, in this case he chose not to do so, having satisfied himself of the special qualifications of Mr. Galbraith to act as U.S. ambassador to France.

Why? Well, that is not particularly relevant to the thesis, but the ambassador lived 10 years in France, knows the French and their language, headed up the Goldwater for President committee in Europe in 1964 and combines a jeweler's eye for relevant geopolitical questions with a kind of candid pro-Western, pro-capitalist charm that has not escaped the attention of President Mitterrand, who has been quoted as saying that he would prefer in Paris someone who thinks along the lines of President Reagan over someone who does so only as a matter of professional fidelity.

Anyway, Mr. Galbraith, in New York, began by chilling his audience. He did so by reciting a scenario. It had to do with what was likely to happen in the event that American troops withdrew from Europe. Well, who is suggesting that they withdraw? An odd, and disordered ideological coal-

ition. Always, of course, the capitalists, who withdraw at any possibility of military confrontation. At the opposite end are some conservatives who are isolationists in inclination and rejoice at any thought of withdrawing within what they deem sensible military parameters.

Mansfieldites

But in between are what one might call the Mansfieldites. Sen. Mike Mansfield, as majority leader, argued strongly for the withdrawal of American troops. His arguments were hardly eccentric. Indeed, as recently as one year ago, Harold Macmillan, on television in America, said: "Why should the United States provide military protection for Europe, given that Europe is larger, more heavily populated and richer than the United States?" To which the only answer was: "Morally, there is no reason at all why the United States should bear the burden bearable by the party of the first part."

It is Mr. Galbraith's point that the United States' presence in Europe serves not European purposes exclusively (Europe's interests it obviously serves), but also those of the United States. He demonstrated his point theatrically.

What if the United States were to leave?

The ensuing diplomatic offensive by the Soviet Union might easily include such blandishments as the unification of Germany (condition: demilitarization), great economic trade agreements with the Low Countries and Scandinavia (exit said countries from the Alliance), followed by deescalation as between England and Russia leaving, perhaps, an isolated France, from whose public one would reasonably expect: psychological capitulation. Leaving us without Europe as an ally.

Without Europe, the isolation of the United States, which is finding it difficult enough to control events in Central America, would be resolute. We would be left with an economic supercontinent in Eurasia capable of making its way against our will or without the threat of nuclear confrontation. The notion that our pride, or our pocketbook, would stand to gain from such an exchange is preposterous. The menace is that there are good people who do not recognize this, which is why Mr. Galbraith's message needs to be iterated, and reiterated, in voices loud and clear, intelligent and discerning.

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Iran Is Still Wavering Between Two Worlds

By J. Michael Kennedy

TEHRAN — The son of the revolution had a question. Until that moment, he had been doing his job, proselytizing for the Ministry of War Propaganda about Iran's military superiority. But then Ali Shojanoori turned to face the back seat of the American-built station wagon.

"Is it true that John Belushi is dead?" he asked. "And what about Johnny Carson? Is he still on the air?"

The irony was lost on Mr. Shojanoori. For him, it was merely catching up on the old days, going back to a time when he was a drama student in Washington, before the Iranian Revolution brought him home.

He had not landed so much as a bit part since returning to Tehran but talked wistfully about starring in Iranian soap operas. Until then, he would content himself with spouting the virtues of the revolution.

"We must all do our part," he said. This is a very strange place. From the war front near the Iraqi border to the clogged streets of Tehran, Iran is a crazy quilt of contradictions. This country slides definition, teetering back and forth between the past and the present.

It fights a war with modern machinery, but counts as its best weapon the young men willing to clear mine fields by running through them.

'Great Satan'

It desperately needs peace to salvage what is left of the economy but instead vows to continue the campaign against enemies of Islam.

From the beginning of a two-week stay, conflicting images overlapped until they became surreal.

At the Tehran airport, a guard glared at the Americans waiting to pass through customs while the lobby's sound system played the John Philip Sousa march "The Washington Post."

At the Inter-Continental Hotel, veteran reporters of the hostage crisis and their former long-time employees greeted one another with open arms amid a lobby filled with signs damning America, the "Great Satan."

On the war front, victorious Iranian troops screamed "Death to America!" as long as there was a



"Too Brittle."

television camera rolling and a mullah to lead the chant. But when the cameras and mullahs were gone, the troops sidled up and talked about the good old days they had spent in Tulsa and San Antonio and Los Angeles.

At the airport in the southern city of Ahvaz, a Huey helicopter landed and U.S. journalists poured out for a meeting with Iranian Army commanders. Several Revolutionary Guards standing nearby asked what Americans were doing there.

"We should put a bullet in each one of their heads," said one of the guards.

"No, that is not the Islamic way," said another.

On a side street in Tehran, heavily armed Revolutionary Guards were selling documents taken from the U.S. Embassy during the hostage crisis. They did not look friendly and did nothing to change that impression while the books

were being bought. But as the Americans were leaving one of the guards raced out of the building and handed back part of the purchase price.

"You get a discount," he said. "America must know the truth."

That truth is hard to come by. As the days wore on, Iran became a series of pictures, each one clear.

But laid on top of one another they only added to the blur of the place.

The fervently screaming troops on the front were juxtaposed with the Iranian businessman railing about how the revolution has played havoc with his business.

There were thousands in the streets, celebrating the third anniversary of the Islamic republic's Constitution. But there also were people who, looking furtively in each direction, begged for help in getting a visa to leave the country. A man in an elevator said that he had paid \$25,000 that morning in hopes of obtaining one.

"Trying to get a visa is a national pastime," a diplomat said. There was a scene at the airport

in which a deck of cards was torn up after it was found in a luggage check. But there was also the story of how, for six weeks a year, a medicinal alcohol factory switches gears and produces vodka. To obtain a bottle, you call a certain telephone number and ask for a pizza.

The overall impression is that Iran is hurting. Its oil production is down and factories crippled by mismanagement. Food is in short supply and even finding a wedge of cheese is difficult.

Precious Dollars

Iranians hoard dollars against the tough times ahead. And at the same time, the Iranian government tries to stop the flow of undeclared U.S. currency into the country because, on the black market, the dollar will bring three to four times its official value.

Storekeepers quote the prices of their goods in Iranian rials but they cut the price by at least half if payment is made in dollars.

The famous Persian rugs can now only be exported by licensed agents because they are considered a form of negotiable currency and another way of getting money out of the country.

The scenes go on. A search for images of warmth produces only scenes of quiet desperation or, at best, rationalization.

"At least with the new government, you know where you stand," a young woman said. "Before, this was a very crazy place, with everyone trying to outdo one another. But now you know what you are supposed to do, like wearing a scarf when you go into a public building. Things are harder to get, so you appreciate them more."

The Iranian government invited journalists into the country to prove it had recently won back territory in its war with Iraq, that many Iraqis had been captured and killed and that many tanks had been captured or destroyed.

All of that is true. But it is also true that Iran may have little else to brag about.

One day, the fighting will stop. That will be the time to take another look at Iran. Then, there will be no excuse for the food lines and gas shortages, the mismanagement and black market.

Iran did not start the war with Iraq. But it may well be that Iran cannot afford to stop it.

J. Michael Kennedy, correspondent for the Los Angeles Times in Beirut, has been on assignment in Iran.

Investments Are Coming — Or Else

By David S. Broder

WASHINGTON — About a year ago, when President Reagan's budget and tax programs were awaiting congressional action, John E. Swearingin, chairman of the board of the Standard Oil Company of Indiana, wrote stockholders that management "wholeheartedly endorses the president's program [and] urges our stockholders to express their support for it."

The package President Reagan has proposed," he said, "must be enacted, in its entirety, in order to ... restore confidence in our economy and in our country."

When I wrote in March, 1981, about the Swearingin letter, and the barrage of business advertising and lobbying for the Reagan program, I noted that there was "a bit of a risk for business" in its embrace of a "supply-side" theory of uncertain validity.

If its promise of abundance proves empty, and produces only higher unemployment, deficits and inflation," I observed, "then the adverse reaction could engulf not just Reagan and the Republicans but the business institutions which asserted that the 'future of our nation' requires that the program be enacted 'in its entirety.'"

Well, a year has passed, and Mr. Swearingin — unlike some other business executives — is sticking to his bet, at least rhetorically.

In his latest message to stockholders, Mr. Swearingin says that the "tax cuts of 1981 were too little and too late," but still predicts "beneficial results" when Mr. Reagan's full program for economic recovery is put in place. "Retrenchment and the recession currently under way are very unpleasant to many Americans," he concedes, "but the most effective medicine is to fix the underlying problem. Even the bitterest austerities will fade as economic activity revives, new jobs are created and inflation is reduced."

Mr. Swearingin, like many other defenders of the Reagan program, argues that it is too soon to judge its effects, places it firmly in October. He conveniently overlooks the fact that the accelerated depreciation provisions, which were the biggest of many boons to business, were retroactive to the start of 1981.

Nor does he dwell on the fact that his own company is stalling on the capital investment that the Reagan program was designed to stimulate. While Standard of Indiana increased its capital and exploration expenditures by \$1 billion, or 25 percent, from 1980 to 1981, it is not budgeting a nickel's increase in the first full year of the Reagan era. A company spokesman says the freeze is taking place because of the recession and says it may be changed "when things turn around."

Mr. Swearingin falls in the middle of the business spectrum. He is not as much of a cheerleader as Richard L. Leshner, the president of the Chamber of Commerce of the United States. When unemployment hit its postwar high recently, Mr. Leshner said that "the economic news is getting better and it will continue to get better every week for at least the next two years."

But neither has Mr. Swearingin joined the leaders of the Business Roundtable, or the bankers, the realtors, the oilmen, the steel makers and loan executives or even the officials at Mobil Oil, all of whom have called on the president for a "mid-course correction" to boost revenues, slow the defense buildup and reduce the deficit.

Mr. Swearingin is telling his stockholders to stick with the president, while playing what the Standard spokesman says would normally have been about a 10-percent increase in capital spending.

Is that good enough? The best answer may have come from Treasury Secretary Donald T. Regan in a speech called "Responsibility and Capitalism."

"The first responsibility of any capitalist is to himself," Mr. Regan said, "to make a good product and earn a fair profit." Considering that his audience was gathered in Philadelphia's Union League Club, they probably did not need persuasion on that point.

"We have given you the tools," Mr. Regan continued. "Now we ask you to put them to work. We did not confuse Oct. 1, 1981, with the millennium. ... At a time when inventories were high and plant utilization relatively low, it would have been unrealistic to anticipate an immediate surge of visible investment."

But Mr. Regan said that "verbal assurances of long-range investment are not enough." Voters who watched business move with lightning speed to take advantage of the tax-credit-leasing provisions of the 1981 tax bill will measure that speed, he said, against the caution with which business is making its long-term investment commitments.

The fact is that business bought in on the Reagan program in 1981, and business cannot bail out in 1982 without getting hurt. Either this program works, or the Swearingins and Leshners of this world are going to have some difficult letters and speeches to write.

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Letters

Middle East

In response to Hussain Mohammed Alamly (Letters, March 31): If these views are representative of Arab attitudes, it is hardly surprising that there has been no peace in the Middle East for nearly four decades. And what chance has peace in the future?

WILLIAM OAKFIELD.

Leicester, England.

Occupied Land

The Associated Press's front page report (IHT, March 31) concerning Arab protests in Israel

stated that the PLO was "fighting for an independent Palestinian state on Israeli-occupied land." Does the AP consider that all of Israel is occupied Arab land? The Palestinian National Convention describes Palestine as having the boundaries of the old British Mandate (Article 2), that "The Establishment of the State of Israel is illegal" (Article 19) and that "The Arab Palestinian people reject all solutions which are substitutes for the total liberation of Palestine." (Article 21). No nation on earth can be expected to cooperate with people who seek to destroy them.

SCOTT GORDON.

West Germany.

INTERNATIONAL Herald Tribune

Published with The New York Times and The Washington Post

John Hay Whitney (1904-1982)

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International Herald Tribune, S.A. au capital de 1,200,000 F.R.G.
Siège social: 11, rue de la Paix, 75002 Paris, France. Téléphone: 33-1-42-35-12-34. Telex: 31710 Herald Paris France. Head-
quarters: 220 West 42nd Street, New York, N.Y. 10018-1021. U.S. subscription
price: \$20 yearly. Second class postage paid at Long Island City,
N.Y. 11101. © 1982 International Herald Tribune. All rights reserved.
Communications Publication No. 34-231

General Manager: Asia, Africa, Europe, 24-26, Place de la République, Paris, France.
1981, Hong Kong, Tel. 5-28-50-15. Telex: 01170 DITHRUS.

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Prov

Meat Loaf — Going for the Heart and Soul

By Michael Zwerin

PARIS — The name did not come with show business. Other kids tagged the fat kid on the block "Meat Loaf" back in Dallas and it stuck. He was "M.L." to his mother. "Just call me Meat; everybody calls me Meat. It's only a name, like James."

Meat, now 33, is one of those acts who have in the golden mines of rock for a decade without busting out. First they are noticed as sidemen (he used to be lead singer with Ted Nugent). Other musicians listen to them, they influence a few, they are worth the occasional half page in Rolling Stone magazine, they make records that sell okay but not platinum or even gold. Their income may be quite respectable by bourgeois standards, but it's more than a matter of money. Unsustained momentum and unrealized potential are frustrating.

There's always hope. Bob Seger was something like Meat until he finally came up with a No. 1 album two years ago. In the meantime these sort of names have a loyal audience that shows up in four figures if not five and tends to make up in enthusiasm what it lacks in volume.

Stamping for More

Meat broke them up in Paris on Saturday night. They were dancing in the aisles. Lit cigarette lighters were in the air in tribute and they were stamping the floor for more.

Backstage afterwards he had a bulging smile. "I want your souls. You see, I don't call this rock 'n' roll. I call it heart and soul. Some audiences are willing to give you their souls. And I want all of them. Not that I'll keep them. I give them back when it's over. You don't get the chance very often to rise above consistency to the magic department. I got them in Stockholm a couple of weeks ago and I got them here."

Meat's hook is being fat. It's what sets him apart from the rest. There hasn't been a 300-pound rock star since Mama Cass. Like many fat people, he has a natural and easy sort of generosity that projects both physically and vocally. You can really belt with a belly like that. He may not be able to jump around like Mick Jagger but he can shout and laugh and run, surprisingly agile in fact,



Marvin Aday, alias Meat Loaf.

like a bat out of hell — the name of his first album.

This album, with its hit "Paradise by the Dashboard Light," was released in 1978 and enjoyed a certain success d'estime but the tracks were considered too long to be commercial and Meat personally "too fat to be sexy."

He had been in a 1969 production of "Hair" and played roles off and off-off Broadway with the La Mama company and Joseph Papp's Public Theater. So it was natural for him to act in movies after "Bat Out of Hell." He played the role in "The Roadie" and a lobotomized rock star in "The Rocky Horror Picture Show."

Photographically, however, there was silence. Meat wouldn't exactly call it a block, but the muse deserted him. "I looked myself alone in a room in the Mayflower Hotel in New York for eight weeks. I had friends of mine and crew down the hall and I'd call them from time to time and they'd bring me stuff. Guys I played baseball with, they'd call me up and say 'We got girls, can we come over?' But I didn't come out."

"You know what that was? That was me

going through the same thing that killed Janis Joplin and Jimi Hendrix. In other words, for a little while I died. I didn't die for good because there was something in me stopping me, but it was close. I know the feeling. I knew those people. My wife was real tight with Janis. I know the feeling John Belushi had. I knew that man well. I know where those people came from and why they hid behind certain things, and I hid behind the same things for eight weeks."

After he emerged, he made a second album called "Dead Ringer" (CBS) last year, break-neck straight-ahead hard rock, bulldozing its way to gut level with heavyweight conviction. Sales could have been better. The problem is Meat's got to be seen to be believed. He needs a live audience like a cow needs grass. Soul-taking is difficult when you cannot look the owners in the eyes.

A Cut Above Normal

Meat's a cut above the normal live rock act. At one point in Paris he stood up there leaning forward, arms raised, fists clenched, screaming like a caged ape. Accompanied by the hum of overdriven amps, a kicking backbeat on the drums, scorching guitar chords and a bass drone, he seemed to be telling the people: "Look how wired you got me." Then he somersaulted out to the wings (to a ringing cheer) and returned carrying his 7-year-old daughter on his shoulders. Finally he eased down into the audience, disappeared for a minute and was washed up back on stage like a helpless, friendly whale.

In his dressing room he was asked if he carries on like that all the time. "Only when I want blood," he answered. Then photographers swarmed and, stretching the seams of his jogging outfit, he stripped into better light to make sure they could get all of him. "This is real Meat," he roared triumphantly. "This is the real Meat."

It seemed the time to ask: "If this is the real you what's your real name?"

"Marvin. Marvin Aday. It's Irish. They lost the 'O' when they got to Tennessee."

Tour schedule in Great Britain: Brighton, April 20, 21; Birmingham, April 23, 24; London, April 26, 27, 29, 30; Edinburgh, May 2, 3; Belfast, May 5, 6.

Knoxville Pushes World's Fair With Energy

By Steve Holland

United Press International

KNOXVILLE, Tenn. — There is a tiny slab of the Great Wall of China, a glimpse of Egypt's King Tut, 23 nations but no Russian exhibit. It is Knoxville, not Paris or New York, and it's called a World's Fair even though some say that may be stretching it.

"You've got to be there" is the advertising theme, and an estimated 11 million will do just that to see the most cussed and discussed project in East Tennessee since citizens had to choose sides in the Civil War.

The 1982 World's Fair opens May 1 in Knoxville — a monument to a group of local shakers and movers, their high-powered political friends and the generosity of the federal government at a time when belt-tightening is the latest Washington fad. President Reagan has agreed to preside at the grand opening — a gesture seen by some at least partly as a favor to Senate Majority Leader Howard Baker, a Tennesseean.

In China the Great Wall is 1,500 miles long, but the Chinese brought only a 15-by-15-inch slab of it, perhaps a symbol of the smallness of this World's Fair, the first in the southeastern United States.

Nonetheless, the promoters have lined up exhibits from 23 countries, 22 companies and an entertainment package ranging from a Dolly Parton concert to a pro football game between the Pittsburgh Steelers and New England Patriots.

Energy is the theme. Knoxville is the home of the nation's largest utility, the Tennessee Valley Authority, and 20 miles away at Oak Ridge the fuel for atomic bombs was developed.

Towering above the fair site is the centerpiece of the exposition, the \$5-million, 266-foot-high Sunsphere, which looks like an elongated golf tee with a gaudy, gilded golf ball on top. It will have a hamburger parlor at the bottom and for \$2 an elevator will take you to the top at 350 feet a minute. A show on board by an oil company called "Journey to the Sun" will give riders hot and cold and light and dark sensations.

The structure is divided into five floors. The first is an observation deck, the second has a kitchen and a private VIP lounge with maximum security. On the third and fourth floors is a "very fine" restaurant and the fifth floor has another observation deck.

The fair's biggest backer has been the U.S. government, which chipped in more than \$44 million to the event. The city of Knoxville has a \$11.6-million bond issue riding on the fair and the state of Tennessee has added \$3 million.

National exhibits at the fair will represent each country's contribution to the world of energy and examples of their past.

Coming to Terms With the Petit Pruneau

IN 11TH-century France, I discovered with surprise, women used to begin the day by repeating, "Un petit pruneau de Tours" (a little prune from Tours), a magic charm designed to keep the mouth small and pretty. I had always thought this an English idiosyncrasy, enshrined in the advice of Mrs. General in "Little Dorrit": "Fatter is rather vulgar, my dear. The word Papa, besides, gives a pretty form to the lips. Papa, potatoes, poultry, prunes and prisms, are all very good words for the lips, especially prunes and prisms."

Possibly the bilingual nature of this useful formula, if it went back far enough, resulted from the marriage of Eleanor of Aquitaine to Henry II of England. She may have brought it along as a minor part of her dowry, of which the major part, of course, was Aquitaine itself, which includes some of the best prune-producing country in France: French prunes are among the best in the world.

WAVERLEY ROOT

riage of Eleanor of Aquitaine to Henry II of England. She may have brought it along as a minor part of her dowry, of which the major part, of course, was Aquitaine itself, which includes some of the best prune-producing country in France: French prunes are among the best in the world.

Throughout their history the French have regarded prunes with an enthusiasm that would have been quite incomprehensible to me in my childhood, when, in unanimous accord with my brothers and sisters, I regarded with resignation, if not hostility, the appearance of stewed prunes on the breakfast table. They were good for us, we were told, and no doubt they were. But after I reached the age when I could decide for myself what I was going to eat, it never occurred to me to order prunes.

Not until I was well into adulthood did I find myself eating them again: I discovered to my surprise that prunes can be delicious. At the time, I attributed this gap between opinions past and present to the uneducated state of juvenile taste buds, but it occurs to me now that my conversion to the prune happened in France. Do I dare carry *l'es-majesté* to the point of wondering whether the Larousse gastronomic encyclopedia may not be right when it remarks, concedingly, "Excellent, California prunes are found on our markets nowadays; however, their flesh is less subtle than that of French prunes."

Traditional Genius

The quality of French prunes probably depends on one of two things, if not both. The first would be the traditional French genius for perfecting and refining any food they have accepted. The most esteemed form of prunes in France are probably *pruneaux fourrés*, stuffed prunes. Before I tasted them I had always wondered what they were stuffed with and after I had tasted them I was still wondering. It turned out that they are stuffed with the pulp of other prunes. This sounds like a refinement that could refine itself out of existence, like white-on-white painting; but while you can't see the picture in white-on-white painting, you can certainly taste the prunes, richly, in *pruneaux fourrés* — more often called *prunes fourrées*, illogically, since *pruneaux* means prunes and *fourrées* means prisms.

The other reason French prunes may indeed be superior is that the French had a head start. The ancient Gauls were practicing the art of drying plums at a time when the best Romans could do was pickle them. The Gauls were probably incited to develop this skill by the fact that plums spoil quickly and were not easy to keep unpreserved for more than a few days in pre-refrigeration times.

During the Middle Ages the consumption of prunes was considerable because they were suitable fast-day food in an era when fast days were frequent. There was no prohibition against eating fresh fruit, but perhaps the concentrated sweetness of prunes compensated for the absence of energy-stimulating foods other than sugar; or perhaps dried rather than fresh fruit seemed vaguely in harmony with the sacrificial aspect of fasting.

Tasting Delayed

The sacrifice could not have been felt as very grievous; French history offers many examples of the favor prunes enjoyed in high places. The *brignole*, a prune made from a purple plum named for the Provencal city of Brignoles, was extremely popular during the Renaissance. Blois, site of the chateau of the Orleans family, then installed on the throne of France, had a specialty of candied brignoles, but its royal inhabitants preferred them untreated, except for the drying.

The courtiers of Francois I sought his favor by making him presents of brignoles, gift-packed in attractive little wickerwork baskets. On Dec. 23, 1558, Henry of Lorraine, third duke of Guise, had some of these prunes brought to his apartment in the chateau, but never got around to tasting them, for at that moment Henri III summoned him to the royal presence for the purpose of having him assassinated.

Gaston d'Orleans, who as brother of Louis XIII was called

Monsieur, the courtesy title traditionally bestowed on the oldest brother of a king of France, could never get his fill of brignoles; as a result they changed names, becoming known popularly as Monsieur prunes. By the time of Louis XIV the taste in prunes had shifted to those of Tours, but Madame de Sevigné wrote her daughter not to forget to lay in a stock of *moyeux*, candied prunes from Dijon, of which her husband was fond.

The two most reputed centers of prune production in France are Tours and Agen, though some other localities accuse them of usurping reputations of doing so. Tours claims to have had them for a long time; legend has it that in the fourth century St. Martin brought to the region the kind of plum from which Tours prunes are made. It is the *gros damson*, the big damson, which is grown in the immediate surroundings of Tours. Liguell bases its claim on the *petit damson*, the little damson. ("Damson" comes from Damascus, considered to have been the place of origin of this type of plum.)

Shipped From Bordeaux In the Agen region it is claimed that the monks of the Abbey of Clairac invented the drying of plums, thus dismissing ungratefully the achievement of the ancient Gauls. Villeneuve-sur-Lot, Marmande, Tonneins, Valence and some other places as well supply the prunes for which Agen takes the credit — except in England, where they are called, with even greater inaccuracy, Bordeaux prunes, because that is the port from which they were shipped.

Perhaps Agen does not grow the plums that provide its prunes, but it does process some of them, and it is the shipping center for the produce of the whole region and

for nursery stock. It supports its reputation, deserved or not, by such devices as rewarding the winning jockey in the Grand Prix d'Angoulême with his weight in Agen prunes.

The name *prune d'Agen* (not, illogically again, *pruneau d'Agen*) may have slipped all the more easily into the public consciousness because of its closeness in sound to *prune d'entee*, the name purists give this prune. It means a grafted fruit; the plums from which Agen prunes are made are grown on scions from young trees grafted onto mature ones. They are purple, of medium size, ripen in September, and are dried in the sun or in ovens — sometimes first in the sun and then finished in ovens.

Strictly speaking, a *prune* is a plum that has been dried whole, stone and all, but popular usage applies it to any dried plum.

The brignole is dried whole; it is pitted, peeled and flattened; it becomes in trade parlance a *plumule*, a word used by dealers, many of whom would be at a loss to tell you what the term means. It goes back to medieval times, when the shape and size of the stoneless, flattened prune recalled the common coin of the times, the *plisole*.

Most plums can be dried, but not all with equal success. High sugar content and firm flesh are what make superior and long-keeping prunes. The Agen type of plum is excellent for this, and has consequently been planted in many parts of the world, sometimes under the name of black European plum, even as far away as Australia.

This is the plum grown on the U.S. Pacific Coast, which produces virtually all the prunes of the United States. 90 percent of them in California. In this state, prunes are usually sun-dried, the process that brings out the most flavor; but not all localities are blessed with enough dependable sun to permit this. Oregon and Washington are more accustomed to artificial heat.

In French popular parlance, a *prune* is a projectile from a firearm ("I was peppered with prunes," might stand for, "I was hit with buckshot"), or a plug of chewing tobacco. A person with a very dark complexion is a *pruneau relevé*, a re-washed prune.

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On the Arts Agenda

LYONS — The Housen Ballet, making its first European tour, will give seven performances of "Giselle" at the Auditorium Municipal from April 23 through 29 as part of the season of the Muses de la Danse. The Coralli and Pavot choreography will be staged by Ben Stevenson, the company's director, and the Orchestra de Lyon will be conducted by James Suter.

PARIS — "Carmen," a new opera by the French composer Georges Bizet, will be presented at the Theatre des Champs-Elysees April 26, in a production by the Paris Opera. The three-act work, based on the Grand Guignol play, will be staged by Jean-Claude Fall, with sets and costumes by Andre Acquart. Hilarion Yessaki will conduct a cast headed by Maria-Cristina Perle in the title part, with Yveline Thirion, Daniele Schreyer, Philippe Rouillon, Christian Jean, Jean-Philippe Courtes, Bernard Dumont and Robert Dume in other principal roles. Later performances are scheduled for April 28, 30, May 4, 6, 12 and 17.

MONTE CARLO — The Violin Concerto by the American composer Gerald Finzi, which won the Prince Pierre de Monaco prize for musical composition in 1980, will be given its world premiere April 25 at the Centre de

Congress of a concert of the Monte Carlo Philharmonic Orchestra, with Ronald Patterson as soloist.

EUROPEAN TOUR — The Monte Carlo Philharmonic Orchestra will make a 21-concert tour of Switzerland and Germany from May 3 to 28 under its music director, Lawrence Foster. The tour begins May 3 in Bern, followed by Geneva May 4, Lucerne May 5 and Zurich May 7. Beginning May 9 in Nuremberg, the orchestra will give 14 concerts in West Germany before ending up the tour with a concert in Dresden May 26 and two in Leipzig May 27 and 28.

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International Herald Tribune



Part I
Part II of this
special supplement
will appear tomorrow

GERMAN TECHNOLOGY — 1982

Signs of Recovery Despite Stagnation

By Andrew Hargrave

BONN — If it were purely a question of economic indicators, people of the Federal Republic of Germany could look forward to a period of economic and investment growth, balance of payments surpluses, low rates of inflation and a continuing strong currency. Only chronic unemployment remains a source of anxiety, partly because of the sudden spurt in the expansion of the labor market, which is likely to persist for most of this decade.

Then why is the public mood so pessimistic? Why should an opinion poll report that 68 percent of the people are anxious about the future as they enter 1982, a higher proportion than at any time since the war except in the immediate aftermath of the first oil shock?

Karl Otto Poehl, president of the Bundesbank (the West German central bank), ascribed this mood in a recent article to a "fading of confidence in continued economic growth and in the controllability of economic processes over the past few years."

The "gloom and doom" atmosphere has also been deepened by political scandals and uncertainty: allegations, so far unproven, about leading ministers, past and present, to have been involved in the diversion of funds to their parties (all three main parties) in return for tax concessions; of top trade union officials using the big trade union-sponsored building corporation Neue Heimat to line their own pockets; and signs, confirmed in recent local elections, that the coalition government may not reach the end of its full term, which is due to expire in October, 1984.

Economic Prospects

Yet, considering a world recession, West Germany's resilience to combat it still commands widespread attention everywhere, except perhaps in West Germany itself. In a recent review of world economic prospects, the respected British National Institute for Economic and Social Research forecasts that, after last year's marginal (0.3 percent) decline in the gross national product, West Germany will, after a small rise (1.3 percent) this year, achieve a 3-percent increase next year, higher than the average for Western Europe (2.2 percent) and of any large industrialized country in the world except Japan.

The Bundesbank, in its February review of the West German economy, while acknowledging stagnant production and rising unemployment (it averaged 1.9 million in the first quarter of this year, about 50 percent up on the first quarter in 1981), listed a number of welcome signs toward recovery.

Economic Forecasts for 1982-86 (changes in %)											
	1981****	1982	1983	1984	1985	1986					
	WLB*	DB**	WLB	DB	WLB	DB	WLB	DB	WLB	DB	DB
GDP	-0.3	-0.3	1.5	1.5	3.0	3.5	4.5	2.5	2.5	1.5	2.5
Private cons.	-1.1	-1.1	1.0	0	2.0	1.5	3.5	2.0	2.5	1.5	1.0
State consump.	2.1	1.9	1.0	1.5	1.5	2.0	2.0	2.0	2.0	2.0	2.0
Capital invest.	-3.3	-2.9	-2.7	-3.0	4.0	5.3	7.2	3.0	4.6	2.0	3.0
Equipment	-3.2	-2.4	-1.0	-2.0	6.0	7.0	10.0	4.0	6.0	3.0	4.0
Construction	-3.5	-3.3	-4.0	-4.0	2.5	3.0	5.0	2.0	3.5	1.0	2.0
Exports	8.9	8.5	6.5	7.0	6.0	5.0	5.5	5.0	4.0	2.5	5.0
Imports	2.1	1.8	3.0	4.0	5.5	5.0	7.0	5.0	4.5	3.0	3.0
Inflation***	5.9	—	4.9	—	3.5	—	3.8	—	4.6	—	4.4
Unemployment****	1.27	—	1.7	—	1.8	—	1.65	—	1.8	—	1.73
(million)											

* Westdeutsche Landesbank

** Dresdner Bank

*** No specific inflation rate forecast by Dresdner Bank; it warns though that foreign trade, particularly oil prices, represent "uncertainty factors" which may frustrate price stability.

**** Again, no specific forecast by Dresdner Bank except a warning that, after a peak is reached this year, unemployment may not decline significantly in the next few years because of an annual anticipated growth of 150,000 in the labor market.

***** Estimates.

Labor Costs, Productivity and Unit Costs in Manufacturing Industry

Autumn 1981 — West Germany as Comparison Base

Country	Hourly labor cost index	Hourly productivity index	Unit labor costs index*
Belgium	102	89	115
Sweden	101	87	116
West Germany	100	100	100
U.S.	98	102	96
Netherlands	96	97	99
Italy	80	68	118
France	74	83	89
Japan	65	78	83
U.K.	57	50	114
Spain	50	47	106

* Column 2 divided by column 3.

rise compared with the same month last year.

Exports, which last year rose by well over 6.5 percent and which saved many a major concern from crippling losses now seem stabilized at the high level previously achieved.

There are worrying aspects of this otherwise favorable picture as well. Export deliveries are now outpacing new orders, and while the metal and electrical industries are significantly increasing their

order books, other mainstays of the country's export effort such as engineering and chemicals are showing signs of falling behind.

As to medium-term growth prospects, two of West Germany's leading banks — the Westdeutsche Landesbank-Girozentrale and the Dresdner Bank — published forecasts (differing only in detail) during the past few weeks pointing to a somewhat uneven, but generally upward trend over the next five years: Westdeutsche Landesbank

expects German industry to maintain a growth rate similar to that of the GNP over the period in question.

Some of the previous difficulties, such as overvalued currency, are not likely to occur again. This should benefit export-oriented industries including such major currency earners as engineering, electricals, chemicals and motor vehicles.

There should also be a strong (Continued on Page 14S)



Special to the IRT

HANNOVER — One of the first postwar manifestations of a resurgent West German industry was the Hannover Fair. Today, while only one of many exhibitions in the federal republic bringing together buyers and sellers of the world, it remains a leader in terms of size, general spread and as a venue for the exchange of ideas and products.

The 1982 Hannover Fair, starting on April 21, covers 10 specialist exhibitions within the same 470,000 square meters of net exhibition area in ground stretching to over 1.2 million square meters.

The largest number of exhibitors appear in the electrical/electronics sector — 1,700, including 480 foreign firms. Within this sector, 590 concern energy and power units, 400 lighting, and 220 measuring, testing and controlling instruments and automation. Electronics are also an important feature of the next largest sector, office and information technology, with 1,015 exhibitors.

A further 315 companies take part in the energy exhibition, 418 in factory equipment and 421 in transport and conveying. Components of all kinds attracted 620 exhibitors, plant and machinery 173, and research and technology 170.

Technology, which has been the hallmark of the Hannover Fair for some time, is again prominent



**Hannover-Messe
Hannover Fair
Foire de Hanovre
Fiera di Hannover**

in all the industrial sectors. For example, in COBIT, the office and information technology exhibition, there are 160 new exhibitors, including 60 from the United States alone. If one includes companies represented in West Germany, the Americans and Japanese each equal the numbers of West German exhibitors.

"Sensible energy use" is the slogan in the energy area, dealing with many facets of this for West Germany especially vital technology, from primary energy to heat recovery.

Research and technology will reflect theories and results from universities, private and state research and development institutes, ministries, companies, trade associations as well as innovation and technological consultancies.

Around 500,000 visitors from about 100 countries are expected at the fair, a number that has been fairly consistent for several years.

Hannover Fair in Figures

	1982	1981	1980
No. of exhibitors	5,604	5,269	5,136
of whom from West Germany	4,017	3,829	3,794
from abroad	1,587	1,440	1,342
Additional companies represented	515	869	546
Main foreign exhibitors (total: 55 nations)			
Mexico**	180	1	
Great Britain	170	172 (39*)	
Switzerland	145	155 (53*)	
France	144	89 (33*)	
Italy	133	151 (32*)	
U.S.	121	51 (95*)	

* Additional companies. Figures relating to such companies for 1982 not yet available.

** Mexico follows Greece (1981) as a "partner country."

Auto Industry Bucks A Global Downtrend

By David A. Brown

FRANKFURT — Fueled by export earnings and stronger demand at home, West Germany's automakers have managed to level out from a slide that began in 1979. At year's end, despite an economic slump that led to overall global production drops, Germany strengthened its position as the world's third-largest auto producing nation behind Japan and the United States.

West German manufacturers increased their overall output in the last year, a feat that none of the other top eight manufacturers, including Japan, were able to match. Early indications suggest that the trend will hold: production in the first two months of 1982 jumped by 16 percent over the corresponding period last year.

By far the largest jumps in demand have been recorded in the smaller medium-range car market — those cars with engines sized between 1500-2000cc. These account for nearly half the total German output. The proportion of cars sold that are above that size has remained stable, while sales of those below the 1500-cc mark have dropped.

Domestic autos are faring better among German buyers than imported models. But higher prices and poor economic conditions have taken their toll, leaving a drop in new registrations.

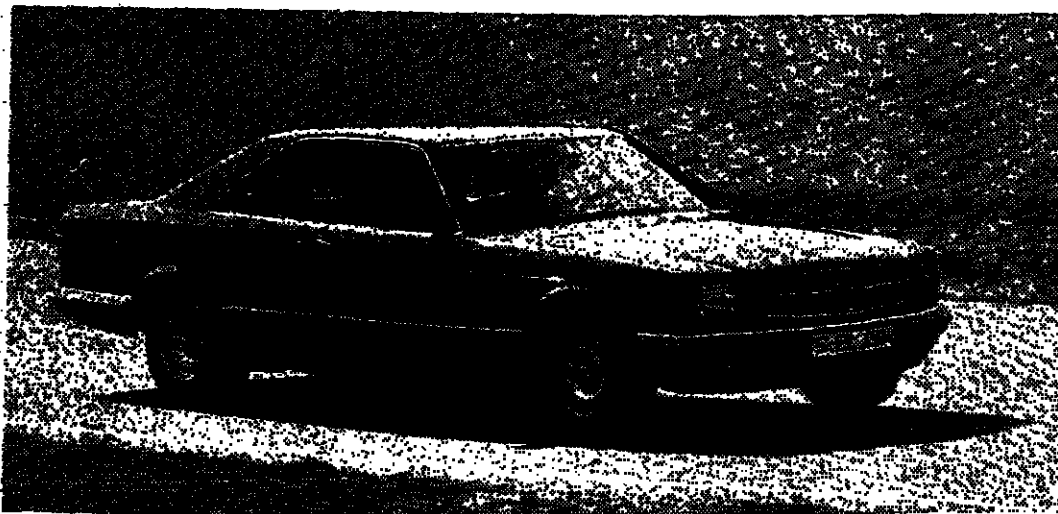
Registrations Drop

Despite the 4-percent drop in registrations, there has been an improvement for German makes in the home market. For the first time in four years, the foreign share of that market has gone down. Foreign sales dropped 8 percent when compared to last year's levels.

Automakers compensated for drops in registration by a boost in sales abroad. Audi-NSU is a case in point: despite 29-percent lower sales at home, growth for the year reached 9 percent. Audi's experience underscores the industry's growing reliance on an export market — 54 percent of the cars produced in Germany are destined for shipment overseas. West Germany was virtually the only top auto producing nation to expand its exports in an otherwise mediocre year for the industry as a whole.

Production figures give only a partial picture of the industry because some automakers, like VW, have significant operations outside of Germany. And those operations suffered a severe downturn of 20 percent from last year's sales, due primarily to lagging demand in North and South America. Yet despite drops in foreign production, Germany's share of the world market remained high.

One of the largest companies working abroad was Volkswagen, which



The Mercedes-Benz S-Class, incorporating a new energy concept and aerodynamic shape.

suffered losses of 30 percent last year, mainly in Brazil. Spokesmen attribute the losses to the nearly 100-percent inflation and high interest rates in that country. Yet, Ottwin Wirtzel, a spokesman, said the company was hopeful about the prospects for lower interest rates and better business this year. Market shares for German makes have grown in Italy, France and Britain to new highs, and overall growth in European sales was up 10 percent in 1981 over the previous year.

Both Ford and Opel have posted considerable improvements in sales, since showing losses of over \$200 million each in 1980. One Ford spokesman said that introduction of the popular Escort model in Europe led to "dramatic increases" in sales. In Germany, Ford's market share grew last year to nearly 12 percent, still below the record 14-percent level in 1978 but well up from 10 percent in 1980.

Opel, another big loser in 1980, has also staged a comeback. It raised its market share to 16 percent at year's end following introduction of the intermediate Ascona model. Export sales for Ford and Opel were up 7 percent and 8 percent respectively, about double the national industry average.

Clearly, the export market is vital to Germany's automakers. Virtually one in every seventh German citizen earns a livelihood in some way connected with the auto industry, according to spokesmen from the German Automobile Manufacturers Association. Exports contributed 6.3 billion DM toward the national trade balance, giving the government an obvious interest in the industry's continuing health.

In 1978, the Federal Ministry of Research and Technology launched a program aimed at "consolidating a technological headstart" over competing manufacturing nations. It laid out its concept of the car of the future, a concept that stressed good fuel consumption, low ecological impact and passenger safety.

Shown in Frankfurt

Prototype cars designed and built as part of the program were unveiled at the Frankfurt motor show in September, 1981, and gave an indication of present and future trends in the industry. German showings emphasized reduced weight, more fuel efficiency and high-performance engines, aerodynamic design and the integration of advanced electronic technology. VW's Auto 200 followed this overall concept and included as part of its instrumentation a prototype trip-and-traffic-information computer. The unit is to be programmed with road systems maps and supplemented on a continuous basis by a central computer with up-to-the-minute traffic information. The unit would inform the driver of the most direct and efficient routes to a given destination.

Mercedes-Benz introduced a gas-saving cylinder shut-off concept and a "collision avoidance radar." It has already incorporated elements of its research into its new S-class models, which are especially notable for their low-drag aerodynamics.

Ford showed what it called the Probe III concept car, which included a fully covered underbody, side moldings and a reported reduction in



Volkswagen design undergoing wind-tunnel tests before final shape is determined.

the drag factor of 50 percent. Spokesmen say the model will be ready for release on the market in late 1983 and will be named the Sierra.

As the industry prepares for a new generation of concept cars, the character of factories is changing to reflect different production methods. Volkswagen, which builds its own industrial robots at a rate of about four a day, is one of several automakers that has incorporated this technology into such production steps as welding and painting.

And while automakers stress that robot technology cannot take the place of healthy labor-management relations, quality control, and a host of other factors contributing toward efficient production, indications are that high levels of investment in research, development and plants will be maintained in the coming years. Estimates for 1981 investment range from 7.2 billion DM to 8 billion DM industrywide.

Technological developments are being folded into production cars now being made available on the market. Ford, for example, offers an on-board computer with its top of the line model, which indicates to the driver the best driving factors for optimum fuel consumption and performance under varying driving conditions. BMW offers a computerized "service interval indicator," which keys component service to actual wear. Wear is measured by sensors placed in the individual components.

One industry spokesman pointed out that performance-oriented German buyers have to a great extent dictated the type of automobile now

(Continued on Page 10S)

GERMAN TECHNOLOGY — 1982

Output Up For Autos, Bucking Downturn

(Continued from Page 95)

associated with Germany: a combination of efficiency and performance. Carmakers have responded by gearing their research toward aerodynamic efficiency, cuts in vehicle weight, and what Opel's Herbert Oberhaus called "improvements in power train management," in an effort to achieve fuel economy without dramatically reducing performance.

Mercedes S-Class saloons, already on the market, are notable for their new aerodynamics, which company officials say cut the drag factor by 14 percent. Mercedes-Benz has also developed a new light alloy engine, 45 kilograms lighter than earlier versions, reflecting a move toward lower vehicle weight achieved through substitution of alloys. Fiberglass and plastics wherever feasible.

Research moves forward on new engine designs. VW is experimenting with a 3-cylinder, turbocharged diesel with fuel injection. Daimler-Benz has introduced a V-8 spark-ignition engine with cylinder shut-off, shown for the first time at the Frankfurt Motor Show. Opel is reportedly considering the prospects for producing a small 1.6 liter turbocharged diesel. Methanol is another alternative which has been under active study for the European market.

Current demand for diesels is running high, despite the fact that the cost differential between diesel

and normal fuel has all but disappeared on the German market. Car makers seem unconcerned about this trend in prices, and point to the fact that production of diesel cars grew by 2% in 1981. Nor is the German market representative of the price situation worldwide. Over half the engines produced by Mercedes are diesel, and spokesmen say that in some markets, like the United States, diesel purchases account for over 80% of sales. BMW and Volkswagen also remain highly active in this market.

Forces Beyond Control

Meanwhile, some German companies are reaching out into the formerly unfriendly Japanese market. Volkswagen, for example, has announced a new agreement with Nissan to produce its new Santana model in the Far East. Slated to begin in late 1983, the agreement

initially calls for production of about 60,000 autos a year, with about 48,000 of those aimed at the Japanese market and the rest for other Asian customers. As Volkswagen's experience in Latin America has shown, carmakers often find themselves at the mercy of forces beyond their control. High inflation, interest rates, or an Arab oil embargo can compromise the attraction of even the most efficient and economical car. What happens next seems as much a factor of the world economic climate as anything else. Thus far, the German manufacturers have been able to stay healthy with a competitive product on a strong export market. They continue to invest large amounts in research, development and maintenance of a modern industrial base. Yet, except for Japan and West Germany, all of the world's major manufacturers showed losses last year: the U.S. 1 percent, France 11 percent and Italy 9 percent.

The question seems to be

whether West Germany will be able to preserve its relative immunity to this trend, or whether world economic conditions will begin to

Output of German Makers Abroad, 1980-1981 (With German Components)

MANUFACTURER	1980	1981
BMW	10,944	13,788
Daimler-Benz	6,667	6,455
Ford	199,516	226,523
Opel	41,105	38,681
VW/Audi/NSU	856,735	602,755
TOTAL	1,114,967	888,202

Source: VDA (German Automobile Manufacturer's Association)



Three-cylinder diesel engine produced by Volkswagen in conjunction with the Ministry of Research and Technology.

New Registrations of Cars in West Germany, 1979-1981

	1979	1980	1981
DOMESTIC MAKES			
BMW	153,923	138,928	133,899
Daimler-Benz	242,848	249,249	245,927
Ford	309,318	250,630	274,389
Opel	470,482	402,015	370,285
Porsche	12,001	10,525	9,602
VW/Audi/NSU	827,208	736,109	708,307
Others	78	49	53
TOTAL	2,015,858	1,787,505	1,740,462
FOREIGN MAKES			
Alfa Romeo/Alfasud	22,762	14,772	13,336
Citroen	50,655	46,891	44,594
Fiat (Italian)	79,283	79,229	93,620
Ford (Foreign)	2,603	1,414	785
Japanese	146,301	241,779	215,120
British Leyland	9,340	6,711	5,782
Peugeot	41,208	33,328	27,816
Renault	129,759	113,591	100,291
Talbot (France)	38,182	31,660	26,913
Volvo	24,997	17,065	14,200
Others	62,551	52,242	47,496
TOTAL	607,541	638,682	589,873
GRAND TOTAL	2,623,399	2,426,187	2,330,335
FOREIGN MAKES	23.2 %	26.3 %	25.3 %

Source: VDA (German Automobile Manufacturer's Association)

Technical Magazine Seeks to Bridge Gap Between Science and Society Through Interaction

By Craig Justice

BERLIN — "If you ever want to know what's going on in Berlin," advised a student of the Free University, "then all you have to do is go to the Mehringhof." Located at 2 Gneisenstrasse in the section of the city known as Kreuzberg, the Mehringhof serves as headquarters for over 20 alternative projects and is an integral part of the Berlin scene.

At first glance, it seems like an odd place for the offices of a technical magazine, but for the magazine Wechsel Wirkung the location could not be more appropriate.

Since it first appeared at the beginning of 1979, Wechsel Wirkung, which means "inter-

action," has attempted to provide a forum for a continuing, intensive and open discussion on the relationships between technology, natural science and society in the hope of promoting alternative solutions to scientific problems.

With a readership of about 7,000 — made up of engineers, scientists, technical instructors and students — Wechsel Wirkung "is written by intellectuals for intellectuals," said Ralph Ostermann, one of the magazine's editors.

Interest in Trends

"We are not as interested in news as we are in trends," Mr. Ostermann said. "We wish to inform people and to develop new ideas. We

are not so much concerned with taking stands on particular political problems."

The magazine is published quarterly and a year's subscription costs 20 DM.

WW, as the publication is known, is concerned with the problems of technology — such as pollution — and how technology affects work processes and human beings.

Each issue of the magazine contains a Schwerpunkt, or main theme, which is generally around 25 pages in length. The subject of February's issue was "China — Contradiction Between Society and Nature." The Schwerpunkt for May's issue will be science fiction, and communications technology is scheduled for August. There is also a Schwerpunkt being

prepared on new technology for the home.

Wechsel Wirkung is a by-product of the younger generation of Germans who came of age after the country had been reconstructed and were free to step back and judge the results of their parents. The magazine reflects the newer, critical values.

Studied Together

The founders of Wechsel Wirkung studied together at the Technical University of Berlin during the 1970s. As students they published two books dealing with nuclear energy. After graduation, they decided to continue the partnership and in 1978 came up with the idea of publishing a magazine.

"With industrialization, technology has become more complicated and machines that were designed to help people have become too difficult for most people to repair," said Mr. Ostermann. "We are interested in smaller, more appropriate, do-it-yourself technologies."

With this philosophy in mind, the magazine published a feature in its last issue about Luis Zambrano, a Venezuelan who during the last 40 years has designed and built more than 30 water pumps with turbine motors.

The magazine could be described as a people's initiative. Those who submit articles and work for it — except the chief editor, Rheinhard Behnisch — are not paid. The working

structure is open, and the editors welcome fresh ideas. The magazine has representatives in 20 cities in the federal republic.

Twice a year, WW holds a conference to which regional representatives, authors and friends of the magazine are invited to criticize the latest issues and to select main themes for future ones. Up to one year may be spent preparing a Schwerpunkt.

WW is a quiet magazine with big ideas. According to Mr. Ostermann, there are no plans to push for expansion.

He said efforts were continuing to make the magazine better and to encourage experts in scientific fields to write about their work.

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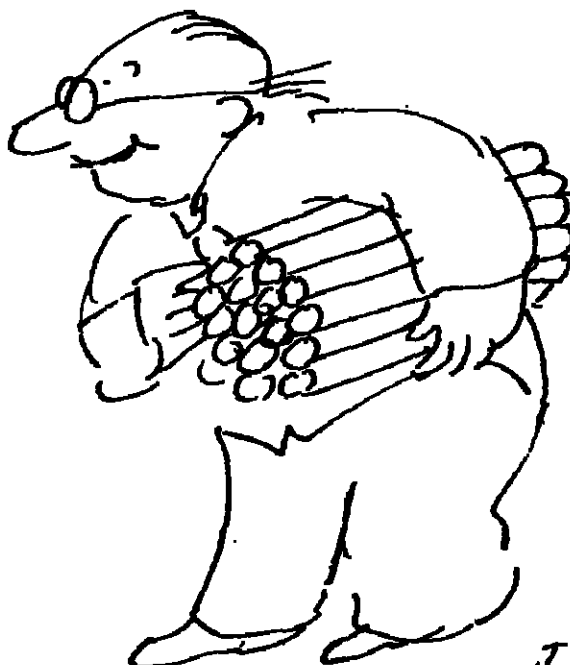
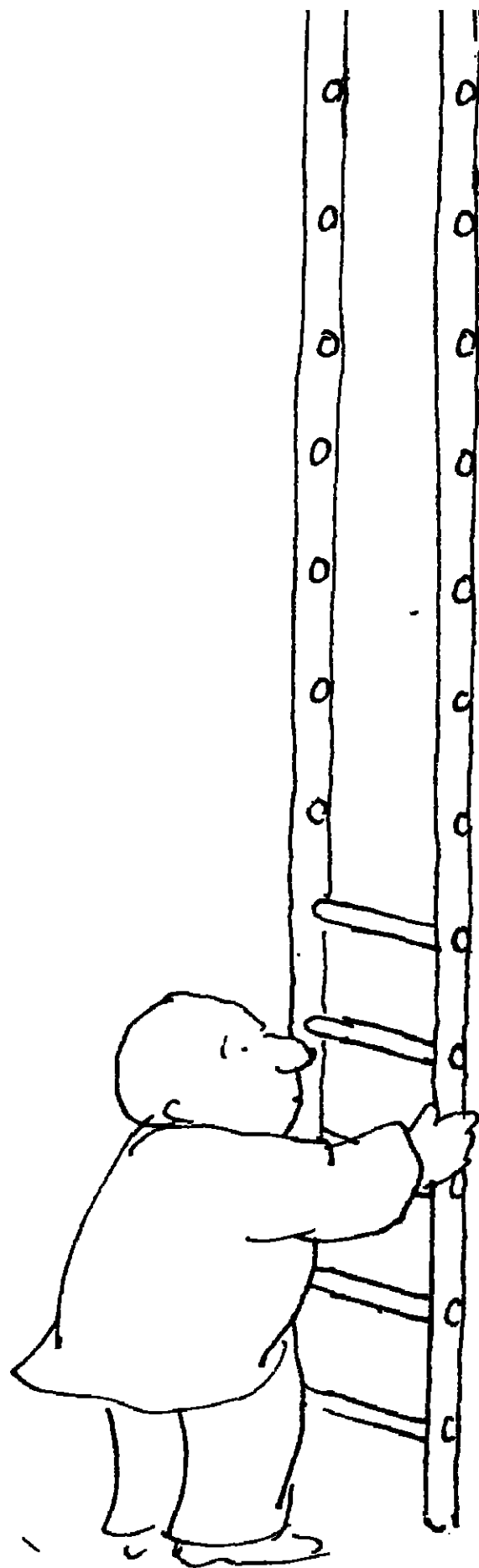
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Steel Industry Is Turning to Diversification

DUESSELDORF — The convulsions gripping the world's steel industry, a major victim of the prolonged economic recession with falling sales, mounting losses, vast overcapacities and desperate price cuts to stay in business, have not spared West Germany.

Crude steel output, at 41.6 million tons, declined last year for the third successive year. Most steel groups, now diversified to varying degrees, declared losses on their steel sales. As a result, the clamor for government help, both in terms of direct subsidies and pressing for international action to avoid cut-throat dumping from oversubsidized and protected competitors is growing louder.

One would expect the world's fourth largest — and Europe's biggest — group of steelmakers, operating with one exception, on a private-enterprise basis, to work out their own salvation. To be fair, they are attempting to do just that, along three distinct but often interconnected routes — diversification, structural change and technology.

Spectacular Exercise

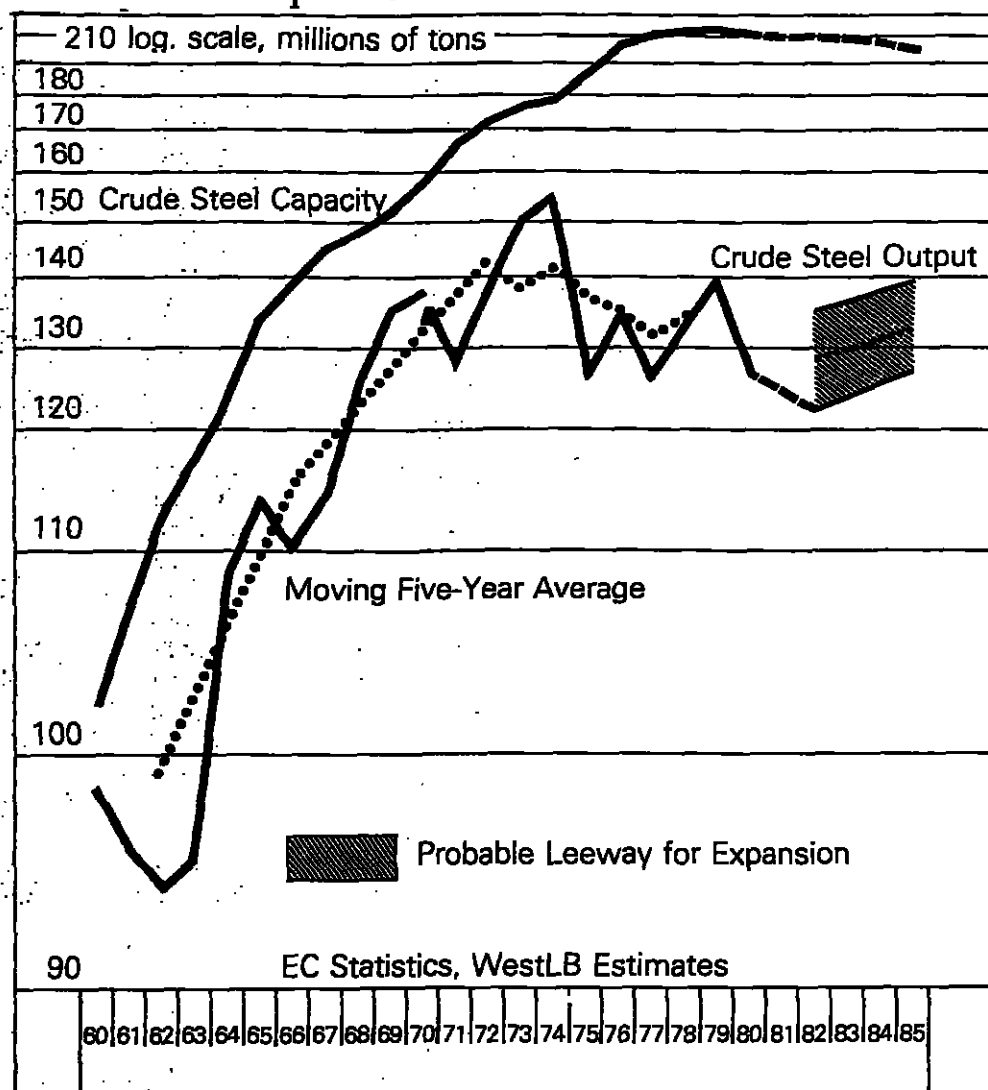
Diversification by individual companies has perhaps been the most spectacular and, under the circumstances, life-saving exercise, though the worldwide economic recession has rendered even this particular route a bumpy one.

For example, the collapse of crude-oil prices early this year and the consequent depletion of producers' income is not unnaturally giving headaches to steel companies, which have diversified into large-scale engineering contracting in the hitherto lucrative Middle East and Africa. And Thyssen's acquisition of an American company heavily engaged in the slump-ridden domestic automotive industry has also turned out to be what the German steelmaker hopes will be only a temporary embarrassment.

One instance where diversification has gone the whole hog, as it were, is the case of Mannesmann. The process actually started way back in the mid-1960s when, like other industries, economies of scale became the fashion. Mannesmann, one of West Germany's Big Six postwar steelmakers, however, decided to specialize as well as diversify. With the benefit of hindsight this may well have guaranteed its survival in the 1980s.

In a deal with Thyssen in 1970, Mannesmann transferred a surplus rolled-steel mill in exchange for

The Development of Crude Steel
Production and Capacities in the EEC



the latter's tube-making capacity. Today, the corporation no longer sells finished steel but devotes its entire crude-steel output for internal use and has become Europe's largest tube manufacturer. This was followed in the early 1970s by the acquisition of one of the country's major engineering companies, Demag, and later, of a leading hydraulic manufacturer, Rexroth.

Meanwhile, to underline chief executive Dr. Egon Overbeck's statement that "we are no longer a steel concern" — with an eye, too, to altering its constitution, which requires higher employee participation supervisory at board level, a

move hotly disputed by the trade unions — the corporation has been diversifying further and yet further. Mannesmann not only is no longer a steel-cum-engineering group, but it also aims to develop into a technology concern through a sequence of events certainly unforeseen even a short while ago.

In the last couple of years, it has bought Hartmann and Braun, a major instrumentation company from the loss-making electrical giant AEG Telefunken. It has bought out the privately owned Kienzle Apparate, manufacturers of small computers, terminal and dataprocessing systems. It has

bought a stake in telecommunications, again taking advantage of AEG's search for liquidity, thus joining Bosch — which, in turn, is diversifying out of automobile components manufacture — as well as AEG.

The company, says Dr. Overbeck, aims at increasing the share of engineering and information systems to 50 percent for steel tubing and 15 percent for trading. Meanwhile, high investment has ensured that over 80 percent of Mannesmann's steel is produced by modern continuous casting methods.

This compares with an average

of 60 percent in Japan, under 46 percent in West Germany as a whole and a European Community average of under 38 percent. As tubemaking is, nevertheless, still losing money, Mannesmann intends to increase its sales abroad to two-thirds of total output and, at the same time "diversify geographically" by raising the current 20-percent share of tubes manufactured outside West Germany. Huge contracts such as the 5,500-kilometer Siberian gas pipeline will, on the other hand, give a substantial boost to exports.

Coming to the Fore

The other major steel companies have also been diversifying, though perhaps not on the same scale and not along the same routes. Thyssen, the leading West German steel producer, now earns well under half its turnover in the steel sector, with trading and services, plant machinery and manufacture coming increasingly to the fore.

Krupp has more than doubled its exports of industrial plant in a single year and, like Thyssen, is heavily involved in energy and environmental equipment, including coal gasification. Krupp, Kloeckner and Salzgitter, West Germany's only large steel concern owned by federal and state interests, are also major engineering contractors engaged in projects worldwide.

Both Thyssen and Krupp are increasingly concentrating on special steels, which are relatively shielded from the recession and which affect mainly the construction and shipbuilding industries.

Mannesmann's departure has left five big steel concerns in West Germany, which, according to some experts, are still three too many. However, it is on the cards that the number will be reduced to four, possibly within the next few months, by a merger of Hoesch, second biggest crude-steel producer, and Krupp Stahl, the steel arm of the Krupp group.

Hoesch has for the past 10 years been associated with Hoogovens, the Dutch steelmaking concern, trading under the name of Estel. The original logic of using the Dutch company's coastal site to receive and process imported iron ore and dispatch exports of steel finished in the Ruhr has been damaged by the recession and for several years the group has been operating at a loss.

Hoesch's relatively outdated steel mills in Dortmund need to be replaced. But in the present climate of economic stringency, the

only way to achieve this seems to be a merger attracting federal support. As neither the West German nor the Dutch government is willing to subsidize the "foreign" part of the Estel group, a merger of Hoesch with another ailing West German company appeared to be a logical solution. This is how the notion of Ruhrstahl, a merger of Hoesch and Krupp Stahl, with a combined crude-steel output — on 1981 figures — of 11 million tons a year to rank it among the Top Ten steelmakers of the world was born.

Approval by Schmidt

Chancellor Helmut Schmidt has already given his blessing to the idea, while Salzgitter, which had been hoping for an invitation to join, did not conceal its disappointment. Details of the proposed merger have not yet been spelt out, nor have the capital and investment requirements.

There is a good deal of skepticism in West German business circles, whether Ruhrstahl will be any more successful than its constituent parts or for that matter, Estel. And if Hoesch gets the go-ahead for a new steelworks in Dortmund, Kloeckner may justifiably com-

plain that its modern steelworks in Bremen is working to only 50 percent of its capacity because of the quota system imposed by the European Commission.

Defiance of the ruling has cost Kloeckner \$2 million in fines. No such quota based on past sales could, so the parents of Ruhrstahl hope, apply to a new group.

West German steelmakers have cause to grumble about the EEC quota system imposed 18 months ago, which, they say, penalizes the structurally improved and hence efficient firms more than inefficient ones. In a strong criticism of the system, Dr. Ruprecht Vondran, executive director of the West German Steel Association, complained recently that while German steelmakers have over the years streamlined their operations and cut capacity to meet reduced demand, other members of the community increased their own more than necessary and then refused to cut back.

Since 1974, Dr. Vondran noted, the German steel industry has closed down 20 blast furnaces with an annual pig-iron capacity of 10 million tons and 100 steelmaking units with an annual capacity of 18 million tons of crude steel as well

as rolling capacity of 8.5 million tons.

The work force has been reduced by 25.2 percent, to 62,200 workers, since the mid-1960s, compared with only 15.6 percent (51,500 workers) by the rest of the community. Last year EEC steelmakers combined sold 126 million tons of crude steel — compared with 111.4 million tons by the U.S., 101.7 million tons by Japan and 41.6 million tons by Germany alone — but operating at a capacity utilization of barely 50 percent (55 percent in West Germany).

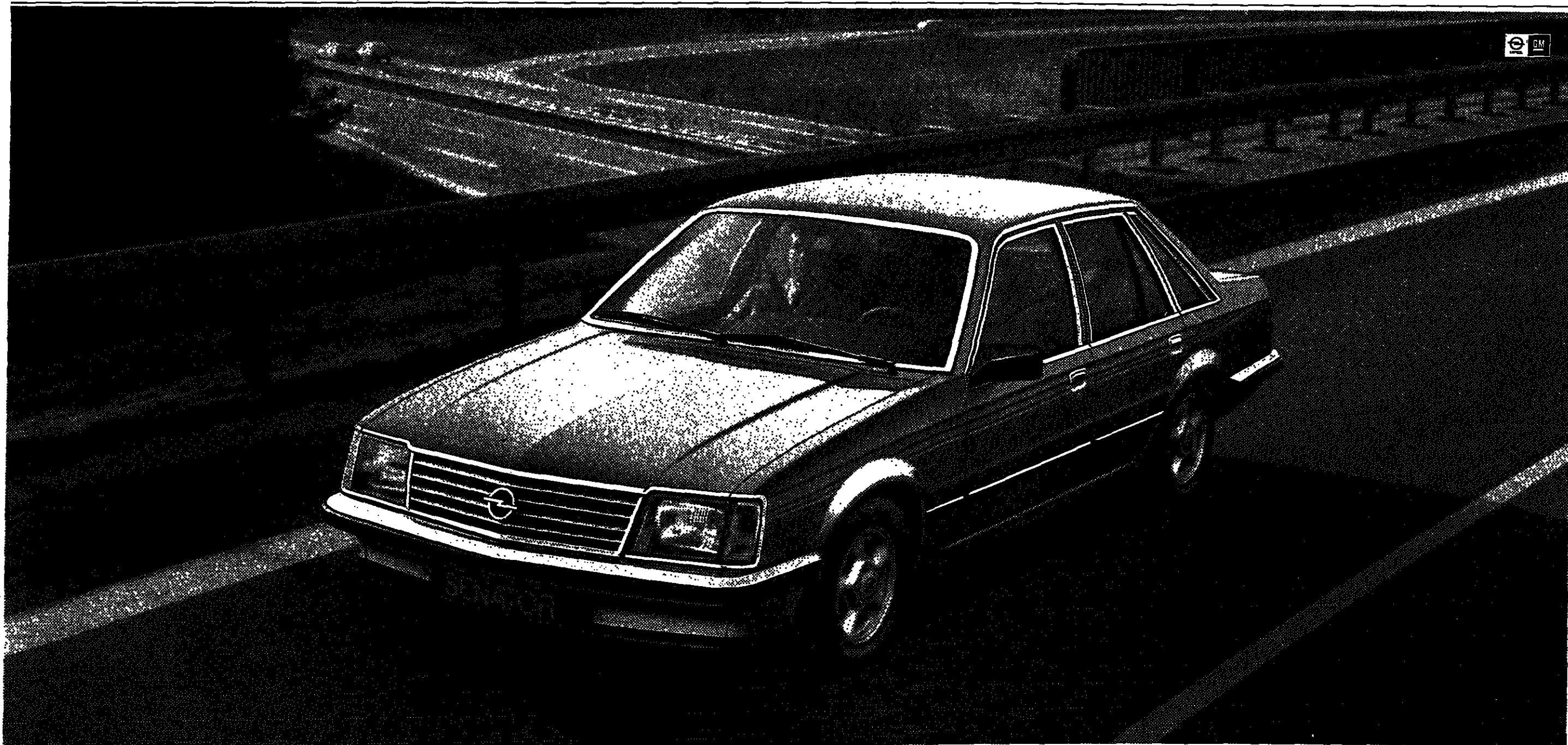
The European Commission under the Davignon Plan aims at eliminating all grants. And, with the present recession, Dr. Vondran was only voicing the views of German steelmakers when he hinted that the federal and state governments should at least take account of what was happening elsewhere.

Whether all-round subsidies would then raise the threat of retaliation by the recession-hit American steelmakers through antidumping moves by Congress or even combat Japanese competition are possibilities the German steel industry cannot afford to ignore.

— ANDREW HARGRAVE



Making steel: Recession hasn't banked all the fires.



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GERMAN TECHNOLOGY — 1982

RESEARCH AND DEVELOPMENT

Industry Seeks to Bolster Exports by Expanding Innovative Capacity

By Pearl Marshall

MUNICH — More than 27 billion DM was spent in the West German business sector on research and development last year, all but about 17 percent coming from the resources of private enterprise.

This expenditure has almost doubled in money terms since 1975, with much of the escalation in the years of 1978 — an increase of 19 percent over the previous year — and 1979, 16 percent. The slowing in the past two years reflects the generally gloomy economic conditions but it is not as bad as what has happened with federal spending on R & D, which has stagnated around the level of 10 billion to 11 billion DM.

The economic situation is now so insecure that those involved in monitoring R & D spending are unwilling to give a trend analysis of what will happen this year. Even in past years of relative stagnation, however, some increase has been recorded. Between 1975 and 1977, for instance, the business sector raised its R & D spending by an average of about 9 percent annually. In times of stagnation, R & D spending is often seen as a means of increasing growth rates.

The industrial group encompassing steel, machine building and automotive takes the biggest cut — 35 percent — of research and development funds from the business sector. The two major science-based industries, chemicals and electrical electronics, absorb more than half.

The trend in these three groups of industries has been the same for several years and is expected to continue.

The reasons are clear. Germany's rescue from its current economic woes by a buoyant export market only serves to reinforce the country's dependence on vigorous international trade. Germany is the world's second largest exporting country behind the U.S.

But in such a high-wage country, with its additional problem of a lack of raw materials, growth in exports can only be maintained by a strong innovative capacity, especially in the key fields of the export market.

Increasing competition is cutting down maturation periods in many branches of industry. In microelectronics, for instance, the maturation periods are so short that often only 18 months will

Spending by West German Industry on Research and Development

(billions of DM).

Year	R and D money raised by business sector	Total spending by industry, including government grants
1975	11.79	14.54
1976	12.66	15.57
1977	14.11	17.23
1978	16.87	20.53
1979	19.86	23.83
1980	21.70	26.06
1981	22.88	27.50

elapse between invention and marketing.

Siemens, the country's leading electrical and electronics producer and the fifth largest such company in the world, reckons that nearly 50 percent of the products and systems it sells have been developed within the past five years. The percentage figure is higher where microelectronics is concerned.

The company spent 3.3 billion DM on R & D in the financial year ending September, 1981, more than 9 percent of its turnover, according to Dr. Dieter Dorn, a senior director in Siemens' central technology division. Siemens now has 33,000 personnel involved in R & D in Siemens' worldwide operations.

Siemens' R & D spending in the current financial year is expected to increase further but will stay around 9 percent of turnover. The general belief in Siemens management circles is that R & D spending as a percentage of turnover will stabilize around this figure. Siemens R & D spending already represents about 13 percent of total industrial spending on R & D and about 8 percent of the total country's spending on R & D.

While recognizing the need for high R & D spending to encourage the innovative process, West German industry is more than a little worried about the public sector's increasing involvement in what it

sees the government sees as "problem areas" in some scientific sectors.

Industry agrees with government that in the energy sector, for instance, public support is necessary to develop advanced nuclear reactor lines and coal liquefaction technology. There is also general agreement about support for aviation and space technology R & D and marine technology R & D. No enterprise would be equipped to undertake such work on its own. Yet such work is necessary for the future economic welfare of the country.

But instead of restricting itself to a few such high-risk, high-need areas, the industry says the public sector is spending money needlessly on other things. It questions to what extent public R & D money should be spent on supporting such areas as electronics, data processing, optics, mechanical industries and humanization of the work environment.

Industry has watched this "meddling" grow since the beginning of the Social Democrat-Liberal Free Democrat alliance. "They are not Socialists in the traditional sense but they do feel society's requirements can be planned to a certain degree," says one industrialist.

The industry would like to see the state stop spending so much R & D money in direct programs — programs formulated by state off-

icials and by the ministries — and instead allow R & D requirements and innovation in industry to be steered by market forces. The government could then utilize its funds to provide a better climate for industry through tax incentives and so forth, so that industry itself could spend more money on R & D.

"But we see no change coming in government philosophy," says Hermann von Wolff-Metternich of the Cologne-based Federation of German Industries (BDI), a group of 38 major industrial trade associations representing about 80,000 private industrial enterprises.

The public sector, on the other hand, argues that government support in certain areas is necessary to reduce the discrimination against German companies that has built up through government-supported industrial development in other countries.

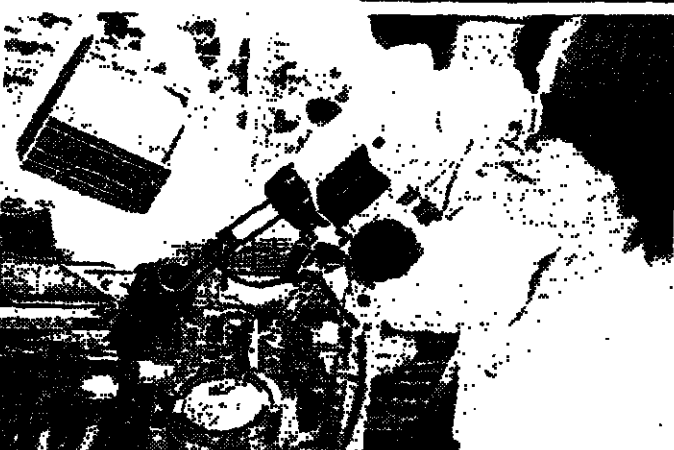
Dr. Josef Rember of the Ministry for Research and Technology calls this the "resonance effect" because each country keeps taking new measures to balance what is happening in other countries.

"We are not an isolated country. In most countries there is heavy involvement by government in the R & D industry in order to promote competitiveness," says Dr. Rember.

"In the U.S., companies get a lot of support by contracting in the



Electronic element



Highly integrated microelectronic equipment is protected with ceramic housing.

defense sector, and in France there are large programs to support the machine tool industry to make it more competitive."

Dr. Rember is particularly impressed by how a Los Angeles company specializing in cars, trucks, electronics and space systems finances its R & D expenditure. Some 80 percent of Thompson Ramo-Wooldridge's R & D money comes through government defense contracts and 20 percent from civilian business, according to Dr. Rember.

"Yet the company's sales show a complete reversal of this ratio, with 20 percent of its products going to the government market and 80 percent to the general market." The company's net sales had jumped from \$3 billion in 1976 to \$5 billion in 1980.

West German industry's R & D



A Munich center reflects the emphasis put on research and development spending.

West German Research and Development Resources

(billions of DM)

	1978	1979	1980	1981
FEDERAL GOVERNMENT				
Ministry of Research and Technology	4.64	5.49	5.65	5.99
Ministry of Economics	.49	.96	1.21	1.31
Ministry of Defense	1.74	1.85	1.69	1.56
Total: All federal R & D spending (the three ministries above account for more than 80 percent):	8.63	10.12	10.53	10.90
THE STATES	—	6.09	6.59	7.11
INDUSTRY	16.87	19.86	21.70	22.88
Total: (including additional DM from other sources):	—	36.41	39.45	41.51

Sources: The Ministries of Research and Technology and the Donors' Association for Science and Humanities.

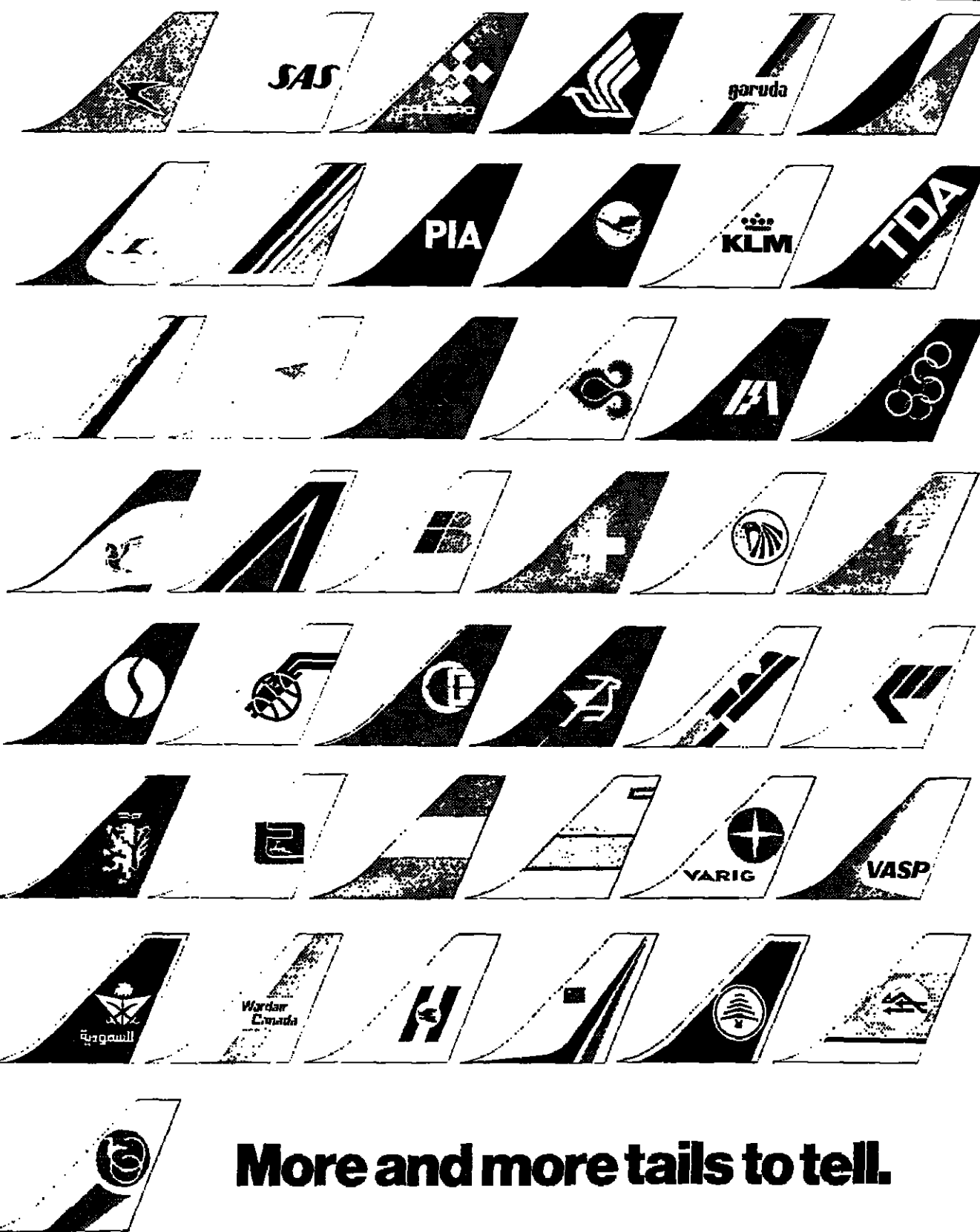
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Afghanistan · Egypt · Algeria · Argentina · Ethiopia
Australia · Belgium · Bulgaria · Brazil · Chile · Denmark
GDR · Ecuador · El Salvador · Finland · France · Ghana
Greece · Great Britain · Guatemala · Hong Kong · India
Iraq · Ireland · Italy · Jordan · Yugoslavia · Canada · Kenya
Kuwait · Liberia · Libya · Luxemburg · Malaysia · Madagaskar
Morocco · Netherlands · Nigeria · Austria · Pakistan
Peru · Philippines · Poland · Portugal · Rumania · Saudi Arabia
Switzerland · Sweden · Spain · South Africa · Syria
Taiwan · Thailand · Turkey · Soviet Union · Hungary · USA
United Arab Emirates · Zimbabwe · Zaire

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Tos Domestic Airlines · Eastern Airlines · Air Inter · Hapag-Lloyd
Thai Airways International · Indian Airlines · Olympic Airways · Iran Air · Alitalia · Iberia
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هكمان النحل



Environment Studies Reflect New Victories In Curbing Pollution

By Pearl Marshall

FRANKFURT — Environmental control started in West Germany in the late fifties with Willy Brandt's call for a "Blauer Himmel ueber der Ruhr" — a bluer sky over the Ruhr — Europe's biggest industrial area. The result: a "dust" cleanup has cut the "dust" falling over the Ruhr by more than half, and the dust falling over the entire country by 30 percent.

This environmental awakening has now transformed itself into a gut reaction against industrial pollution to strong that a recent study by Berlin's Wissenschaft Zentrum showed that the average West German's belief that he or she is at risk in life and needs to be protected from that risk is stronger than in other industrialized countries.

Two other studies, one by an independent group, Allensbach Institut fuer Demoskopie, a highly reputable public opinion pollster, and one by the chemical industry itself, have independently come to the same conclusion about the average West German's anxieties about the quality of his food.

Around 45-47 percent of the population register concern in this regard. "Yet never before have we had food with less toxic impurities than today," says Dr. Ian C. Meerkamp van Embden of the West German Chemicals Industry Association (VCI).

Citizens Groups

These findings help explain the mushrooming of citizens action groups and their growing involvement in the electoral process. Last month, in the Lower Saxony state elections, for instance, the Greens, a radical ecology party, took votes away from the Social Democrats, the senior partner in the coalition that controls the federal parliament in Bonn, and won seats in that state's legislature for the first time.

More than 1,000 citizens action groups that have sprung up throughout West Germany in recent years are banded together in the Federal Association of Citizens' Initiatives for Environmental Protection (BBU).

The original efforts of the BBU were directed against the construction and operation of nuclear power stations. Some 100,000 took part in BBU's biggest demonstra-

tion in October, 1979, against the government's nuclear energy program.

But now, the organization is turning its voice more and more to the menace of chemical pollution.

The BBU's suggestion that the stringent security measures applied in the nuclear field should also be adopted for the chemicals industry was the subject of recent serious governmental debate, and a directive along these lines almost came into existence at one point.

But, in any case, the chemical industry is finding itself saddled with more and more responsibility. There are at least three major developments that relate to the operations:

Stringent Approach

First, the chemical industry is now watching with close attention efforts to bring a new and much more stringent approach to the already established administrative regulation controlling emissions known as the T.A.-Luft (Technical Guide to Maintenance of Atmospheric Purity). Discussions are in progress among state representatives in Parliament about recognizing a new group of chemicals in the T.A.-Luft regulation that were not recognized before — the carcinogens. This would mean scrapping the current emission values, which relate purely to the toxic properties of a substance and introducing new and tougher values that attempt to incorporate threshold limits for carcinogens. This naturally would have a big impact on the industry. What is still under discussion here is the "open-window" effect — the new values could be so restrictive that laboratories and factories would have to keep their windows closed because the normal outside atmospheric emissions would be higher than inside the workplace.

The T.A.-Luft regulation might also be altered to strengthen emission controls outside the production unit but inside the approximate environment. At the moment average measurements are taken in a 4-square-kilometer area. Such an area often includes pockets with high emission rates, but the overall emission average falls within the T.A.-Luft standards.

Now smaller areas are proposed, possibly 1 square kilometer or even half this size. The chemical

Tourism After the Fair: Another Side of a Technological Giant

By Thomas C. Lucey

FRANKFURT — West Germany is not all efficiency and thoroughness, test tubes and technology. There is also a romantic Germany.

That Germany is within reach of these attending the Hannover Fair. Hannover has only about half a million people but is spread out, helped by the fact that Hannover prides itself on devoting so much of its surface to parks. So the Royal Gardens of Herrenhausen lie a good mile from the center of the city, in the North city (Nordstadt).

Depending on how much walking someone who has been trudging through the world's biggest industrial fair is prepared (or able) to do, the visitor to Herrenhauser Gaerten can see examples of three centuries of European gardening styles.

For devotees of the Guinness Book of Records, the highest squirting fountain in Europe — able to shoot water up 267 feet — can be found in Herrenhausen's Grand Garden. The Great Fountain dates back to 1720.

Much to See

For visitors willing to spend a few days after the fair has closed, there is much to see outside Hannover. Three hundred and seventy castles and fortresses have been listed in a new guidebook published by Baedeker, a company founded more than a century ago by Karl Baedeker. The Baedeker list starts with Gluecksburg, a 16th-century moated castle near the Danish border, and goes systematically to the castle (14th to 18th centuries in Berchtesgaden, near the Austrian border. Also on the "Romantic Road" are the well-preserved

medieval towns of Dinkelsbuehl and Rothenburg ob der Tauber. Both are snugly tucked in behind their original walls and watch towers, with narrow streets lined with half-timbered houses, some leaning over slightly, tired after centuries of standing.

The "Romantic Road" ends (or begins) in Wuerzburg, a center of learning and the wine trade, located in a valley between a 13th century fortress of the prince-bishops and the half-a-millennium younger residence, rated by Baedeker "the most important non-eclesiastical building of the German baroque," most of it built under the direction of Balhusar Neumann.

Rococo Garden

A tip from Baedeker: Germany's best-preserved rococo garden is the Hofgarten (1703-74) at Veitshoechheim Castle, 4.2 miles (seven kilometers) northwest of Wuerzburg. Veitshoechheim, which can be reached by ship on the Main River, was built in 1682 as a country seat for the Wuerzburg prince-bishops.

All this sounds very remote. But Wuerzburg is less than two hours by Autobahn from bustling, business-minded Frankfurt (there are also hourly direct intercity express trains from 6:33 a.m. to 9:33 p.m. daily. So, even for someone on a tight schedule, it is not all that difficult to enjoy at least a morning or afternoon in Wuerzburg. For those with more time, the "Romantic Road" is a string of sightseeing gems.

One of the easiest ways to see many castles is from the deck a Rhine River cruise ship. The route from Mainz to Koblenz, where the Moselle River joins "Father Rhine," is especially rewarding (this is also the stretch containing the

Lorelei cliff, where the mythical maiden lured riverboatmen to watery graves). The castles here are not a string of ruins. Several can be visited and some have been converted into hotels. A large part of a tour of Germany could be spent in this area. One of the widely enjoyed cultural activities is sipping the products of the many world-famous vineyards here.

Pied Piper

The old nostalgia comes to life throughout the spring, summer and early autumn in many places in the form of staged historical events and of "maybe" events, incidents that could have happened long ago or once upon a time. Among those is the reenactment of the legend of the Pied Piper of Hamelin (Hameln in German). Hameln today is a very real small town on the Weser River, about 28 miles (42 kilometers) from Hannover. Every Sunday at noon, this year from May 16 to Sept. 19, the piper leads away the rats and then the children — in an open-air performance.

Here is some practical information for traveling in Germany:

Deutsche Touring's air-conditioned buses provide one-, two-, three- and five-day tours of the "Romantic Road." The one-day excursion leaves from the Frankfurt main railway station daily at 8:15 a.m. from March 20 to Nov. 8 and costs \$32, including transportation, lunch, entrance fees and guided tour. A two-day tour for \$90, including hotel, leaves Frankfurt at the same time and from Munich's Starnberger train station (next to the main one) at 9 a.m. The longer trips also include some Bavarian castles (five days for \$277, only from June 12 to Sept. 16, from Frankfurt) and

Heidelberg (three days for \$135, only from June 12 to Sept. 19, leaving Frankfurt at 1 p.m. and Munich at 9 a.m.).

Koeln-Duesseldorf, which calls itself in English KD German Rhine Line, has a "White Fleet" of 19 passenger ships on the Rhine, Main and Moselle rivers, offering short trips and three- and four-day excursions all the way from Basel to Rotterdam. The fleet includes two ships, the Rhein and the Drachenfels, each capable of carrying 1,200 passengers. KD says they are the largest passenger ships on Europe's inland waterways.

The classic Rhine sightseeing trip on the "White Fleet" starts at Bingen, near Mainz, and goes up to the Lorelei cliff (DM 18.60 or \$7.75 roundtrip) or farther to Boppard (DM 27.80 or \$11.60 roundtrip) or Koblenz (DM 37 or \$15.50 roundtrip). Trips along this part of the Rhine can also start in Frankfurt and Cologne. KD also honors German railway (Bundesbahn) tickets for stretches along the Rhine. For a small charge, the train ticket will be validated for the ship at any KD landing point.

Sailing schedules are posted at every landing point. The 1982 timetable, called "Exploring the Rhine," is available from KD German Rhine Line, Frankfurter 15, D-5000 Cologne (Telephone: 0221-2 08 80).

Lufthansa also provides an opportunity to see the Lorelei cliff and Castles along the Rhine. The airline has just inaugurated the Lufthansa Airport Express, a special three-car plus restaurant car passenger train service between Duesseldorf, Cologne, Bonn and the Frankfurt airport, with four departures daily from each end. Only passengers with airline tickets to or from these cit-

ies, including an international arrival or departure at Frankfurt airport, may board the train. A roundtrip costs DM 185 (\$77), including meals or snacks and drinks, compared with 162 DM (\$67.50) for the first class by intercity train on the same route.

Many hotels around Germany offer weekends at special rates. The Hotel Gravenbruch has the advantage of being only 20 minutes from the center of Frankfurt, yet is like a luxurious country club tucked away in the quietest woods. The hotel contains three restaurants, one named the Gourmet, and ways to work off the just-acquired calories.

The weekend program starts Fridays, includes two overnight stays and a meal in the rustic Forsthaus Restaurant, for DM 195 (\$81.25) per person. This offer is good until Dec. 31 (Tel: 06102 50 50).

Another special weekend offer is made by the Munich Sheraton Hotel: DM 55.55 (\$23.15) per person per night (Fridays through Sundays) in a twin room. The prices include use of the swimming pool, free parking and free admission to the Deutsches Museum, Olympic Tower or the zoo. (Tel: 089 - 92 40 11).

Two hotel groups place special interest on Romantic atmosphere, usually offering accommodation in restored historic mansors or castles. Romantic hotels and restaurants also have weekend and longer trips through Europe, staying at its member hotels. More information: Postfach 1144, D-8757 Karlstein/Main. Tel: 06188 - 50 20. "Guest in a Castle" is the English translation of the name of the other organization. More information about its castle-hotels from: Gast im Schloss Ltd., D-3526 Trendelburg 1, Postfach.

industry points out that by doing this, emission rates measured in some of these smaller areas would obviously suddenly become too high, and the overall standards guiding the industry would have to be lowered to allow it to continue to operate.

Test Results

Second, the Chemical Substances Control Act, which came into force in January requires that all new chemicals be officially reported 45 days before coming on to the market. At the time the producer or importer reports them, he must present certain test results showing whether the chemicals are dangerous to human beings or animals.

This applies to marketing more than one ton of the substance annually. Among the tests to be completed in the short-term is a chronic toxicity evaluation. Although it is relatively simple to do a 28-day subchronic toxicity test in the

workplace, no criteria as yet have been established to estimate the subchronic effects in the environment. "Little is known whether the tests developed give an honest idea of the relevance of what happens in the environment," says a VCI spokesman.

Although the ton-a-year guideline is EEC recommended and the Chemical Substances Control Act follows EEC rulings, West Germany is the first country to push it through to such practical usage.

By rights the testing of each substance should be the government's job. In fact, in 1980 when the law was well on its way to becoming a reality, the German government had calculated the necessity of employing an additional 500 toxicologists and other scientists for the control work. But because of financial restraints and the lack of adequately trained personnel, toxicologists for instance, less than

one-third have been or will be government employed.

Instead, the chemical industry itself is shouldering much of the responsibility. It devised a system in which the German Chemicals Industry Association helped educate two dozen new toxicologists through its own Chemical Fund. Some of these specialists were made available to the government and some went back into industry.

"We are now discussing a compromise," says the VCI source. "Industry itself will provide additional data after self-testing and the government will restrict itself to judging the plausibility of the data, only testing if it believes it is really necessary."

Third, new models to test existing chemicals have to be developed. The newly enforced Chemical Substances Control Act states that whenever a government believes an existing chemical might

be hazardous, it has a duty to do something about it, but the act lays down no specific criteria for handling such an investigation.

The chemical industry, government and other authorities are discussing a model that invests the existing Employers Liability Insurance Association with the responsibility for checking any chemical as long as it is an "occupational" chemical. For "non-occupational" chemicals a new expert body trained in ecological science is expected to be established later this year. This will probably consist of an equal number of independent scientists, government representatives and industrial experts.

Industries' own environmental self-regulatory mechanisms are well developed in West Germany. Apart from its personal involvement in collecting data for the Chemical Substances Control Act, industry has initiated a chemical

transport accident emergency advisory system and is also involved in an ambitious attempt to make it easier to obtain lists of the dangerous properties of chemical products.

The T.U.S.-system (Transport, Accident, Information and Aid System) was officially launched last month, although it has been informally operating for some time. It consists of a network of 80 "expert centers" in some of the major chemical companies, including the giants such as BASF and Hoechst. These are geared up to respond immediately to any telephone call reporting a chemical accident, whether on the road or river, by rail or by air. A closely coordinated referral system provides the best possible advice and service from whichever center specializes in the particular chemical involved.

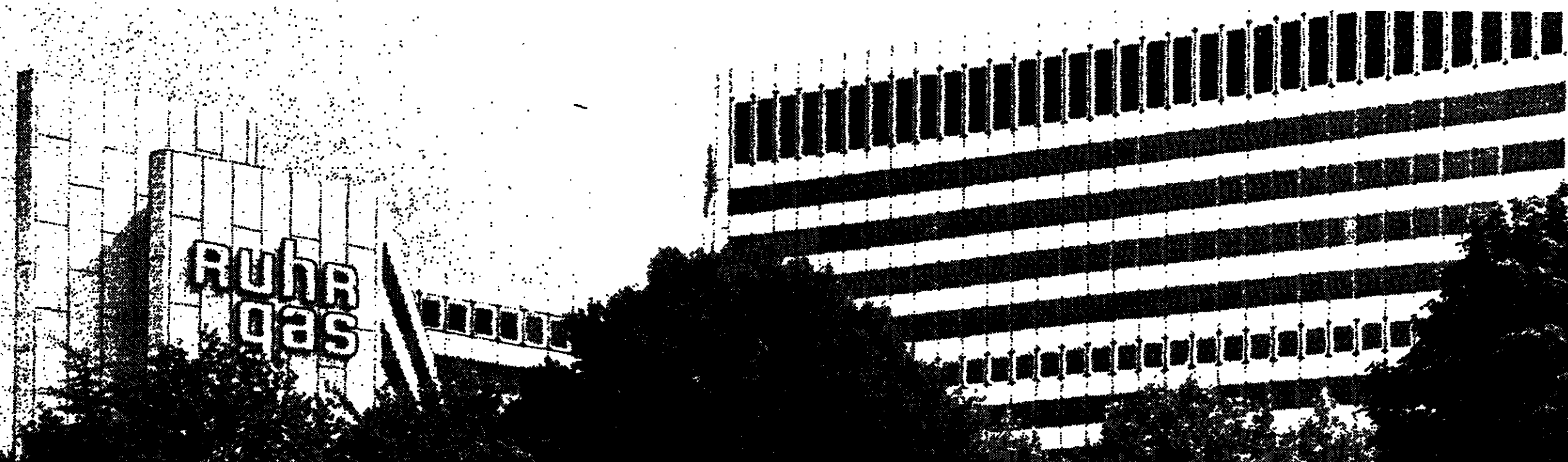
The second chemical industry

initiative, the Safety Data Sheets, aims at giving interested parties as much information as possible about the dangerous properties of chemical products, including such hazards as carcinogenicity. The German Chemicals Industry Association has computerized essential codings of companies producing certain products and where the data sheets can be checked. The 15,000 data sheets are available within the individual companies concerned. It is up to each company to decide on a case-by-case basis whether a request for a data sheet is an "honorable" one, because of the potential misuse of such information.

The chemical industry estimates it spent 2.7 billion marks on environmental protection in 1981, of which about 800 million marks was invested in environmental protection technologies (plant and hardware).

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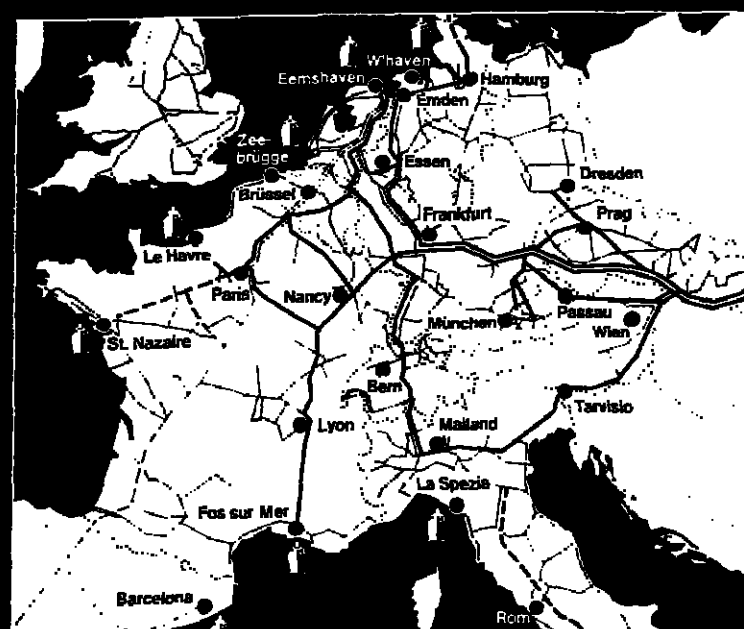


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GERMAN TECHNOLOGY—1982

Signs of Recovery Appear Despite Stagnation

(Continued from Page 75)

impetus from microelectronics in the form of investment in automation and electronic controls, both in industry and in the office. While energy-saving and oil-substitution measures may slow down as a result of lower oil prices, investment in these fields is nevertheless expected to continue at a satisfactory rate.

Increased investment in capital goods overall, at a rate of 3.5 percent a year over the next five years, is expected by Westdeutsche to outstrip the annual average rise of 2.5 percent in GNP. On the other hand, industries based on raw materials such as steel, chemical fibers and oil, which are beset by substantial over-capacities, as well as consumer goods may perform below the average.

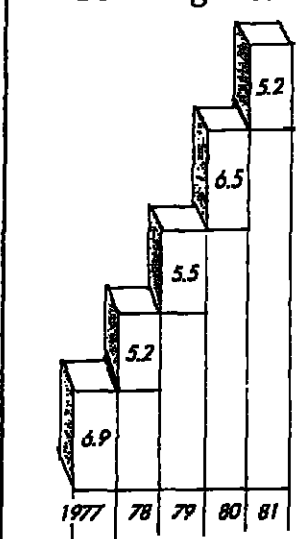
So much for the medium-term forecasts. However, the warnings about what the Dresdner Bank called the "uncertainty factors" cannot be ignored. In its own first economic review of the year, Westdeutsche draws attention to a number of "clouds on the export horizon": restrictions on trade with the East Bloc; falling oil surpluses for the OPEC countries; realignment within the European Monetary System (with a revalued mark); possible protectionist measures against German exports by European neighbors or even a "devaluation race," which could foil a continuation of what the bank calls "last year's export miracle."

Stronger Domestic Market

If overdependence on exports has its risks, the balancing need must obviously be for a stronger domestic market. However, views differ on how to achieve this objective. Industry and the banks have no doubt that increased profitability

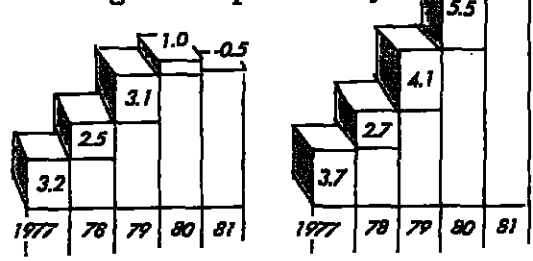
Limits of Pay Policy in West Germany

Percentage rise in pay of employees



Percentage rise in prices

Percentage rise in productivity



Source: Globus

ity and productivity, as well as low wage settlements, are the key to the domestic expansion of the economy.

To cite the Bundesbank once more, the companies' share of 15.5 percent in the national income last year compares with the average of 19 percent in the previous three years. The fact that their self-financing ratio has improved is being attributed in part to companies restricting their plant and retooling investments.

On the other hand, the surprisingly moderate settlement by the powerful IG Metall for an average 4.2-percent rise in the engineering, electrical, steel, shipbuilding and

motor vehicle industries, augurs well for both the battle against inflation and an improvement in West Germany's international competitiveness. The settlement, which affects nearly four million workers, is usually regarded as a guideline for pay negotiations in other sectors of the economy.

However, increases in productivity have consistently been behind rises in pay in the last five years, a contributing factor to — though not the whole reason for — increases in prices. Inflation rates in the federal republic have been among the lowest in the industrialized world, well below those of its main competitors, except Japan —

the shadow looming over the federal republic's recovery hopes.

A recent comparison of labor productivity and unit costs by the Dresdner Bank underlines the competitive threat posed by Japan and France.

The federal government itself, like the banks, is cautiously optimistic in its economic assessment that last year's slight decline in the GNP will give way to a modest rise of 1 to 1.5 percent this year.

In order to combat unemployment, the government announced a further 12.5-billion-DM package in February to supplement its earlier 27.5-billion-DM boost to the economy. It is mainly to stimulate

investment until 1985, though the most significant item in the package represents a once-for-all measure valid only this year: a 10-percent special-investment grant, which may cost 4 billion DM but which, the government hopes, will generate investment of about 40 billion DM.

Moreover, government-assisted or sponsored institutions such as the Kreditanstalt fuer Wiederaufbau, which operate, among others, in areas with special unemployment problems, may increase their loans by 6 billion DM over the next four years. There are special measures to ease youth unemployment.

The government is cautiously optimistic that the GNP will rise by 1 to 1.5 percent.

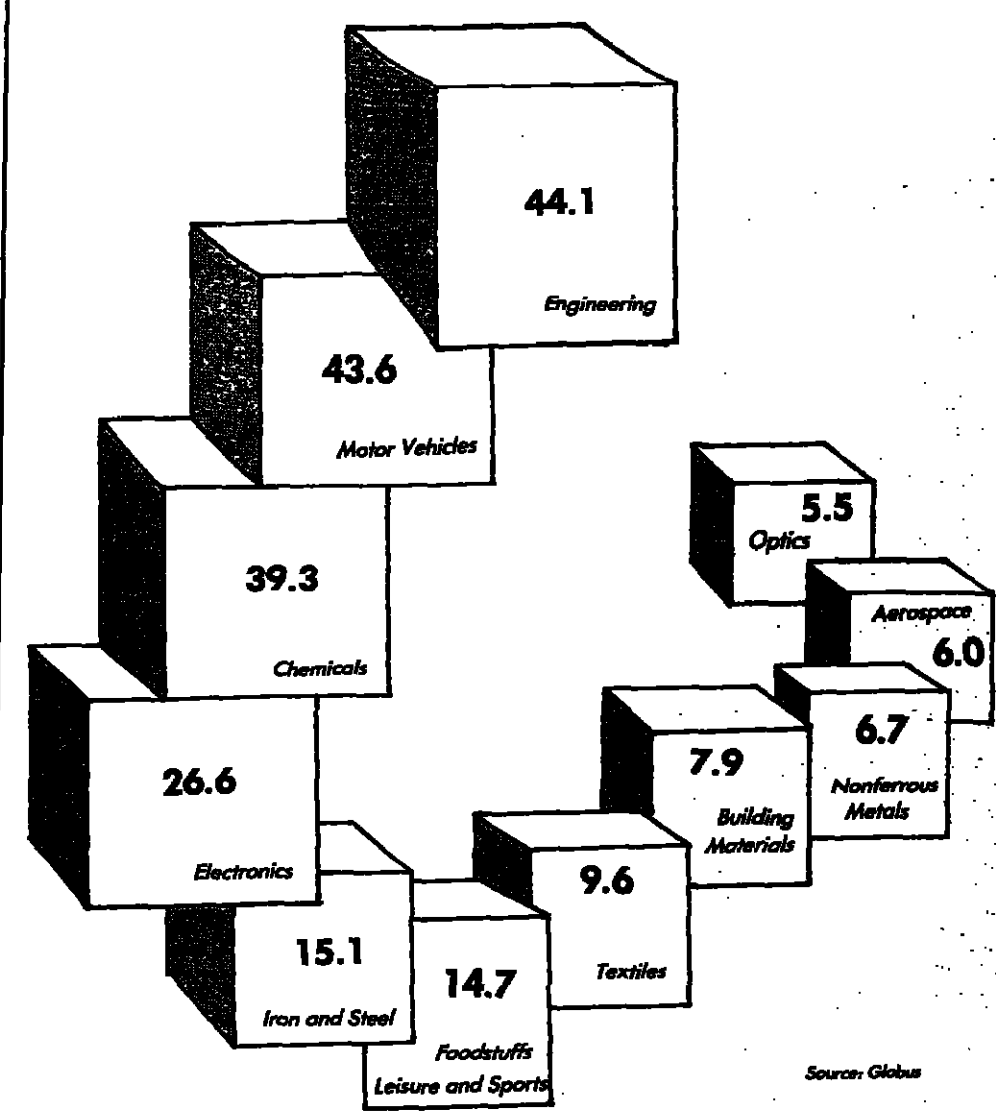
To avoid further rises in public expenditure, the government intends to finance the new package by a 1-percent increase in the value added tax next year. This is being resisted by the Christian Democratic opposition, which has a commanding majority in the Bundestag and which received a psychological boost by its impressive victory in the state elections in Lower Saxony last month.

So the fate of the package on which Chancellor Helmut Schmidt is said to have staked his reputation and possibly his post is still uncertain at the time of writing.

A further proposal, which the government hopes may cut unemployment by about 300,000 in the medium term, is still in the embryonic stage. It would offer employees between the ages of 58 and 63 the opportunity to retire prematurely on a benefit amounting to 68 percent of their last pay, the cost being shared equally by the government and the employers. As social costs of labor are already

West German Export Leaders

The four top exporters account for more than half of the country's total export income



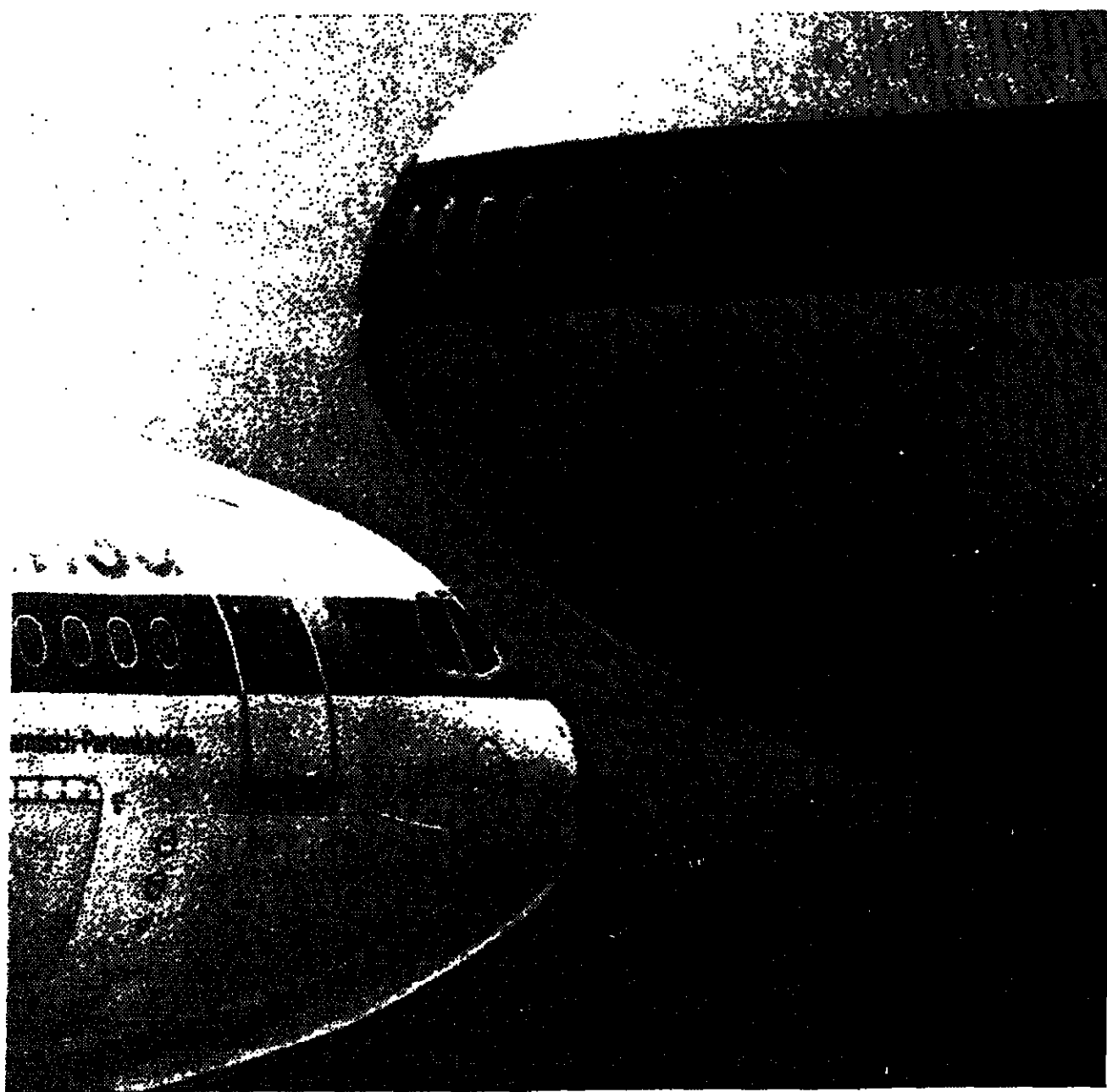
Source: Globus

high in West Germany, the employers are, not surprisingly, cool about the scheme.

The current crisis between Britain and Argentina over the occupation of the Falkland Islands earlier this month may present substantial economic risks for the federal republic. It has strong links with the economies of Latin America through direct investment and trading so it faces a wholly unforeseen "uncertainty factor," which may jeopardize recovery from the stagnation of the past couple of years.

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Air Transport World (New York) No. 1/1981



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مكازم السفر

Observers Adopt a Cautious Tone In Assessing Investments Abroad

By Pearl Marshall

COLOGNE — After the shock of the fall in West Germany's interest in investing abroad in the first half of last year, industrial observers are adopting a cautious tone in assessing what will happen next.

"We don't know if this development will hold true this year because the DM-dollar relationship may switch again," says a German Chambers of Commerce and Industry source. The currency decline in 1980 and part of 1981 made foreign investment more expensive for German companies.

However, some provisional figures for the whole of the year indicate some picking up of investment abroad in the second half, bringing the growth rate for 1981 on a par with the year before. According to these figures, 1981 ended with a total accumulated net investment abroad of 83.98 billion DM, up 9.82 billion DM from 1980.

The trend to a lower rate of investment the past two years is of no immediate concern to German industry for it still represents satisfactory growth. But it is not something they would like to see continuing for long. Although currency changes have played a major role, an increase in "risks" in investing in certain parts of the world is also perceived.

Attractive Markets

The industrialized countries continue to be the most attractive markets for West Germany with the growth of investments to the developing world falling off a little. Though accumulated investment in developing countries grew from 16.98 billion DM in 1978 to 19.17 billion DM in 1980, their percentage share of total West German investment worldwide dropped from 29 percent to 25 percent.

Of the industrialized countries, the United States alone accounted for one-fifth of total accumulated investment abroad in 1980 with a figure of 15.66 billion DM. This represents an almost doubling of investment in the United States in a two-year period. The first six months of 1981 saw a further addition of 1.16 billion DM, increasing the total to 16.82 billion DM.

Much of the impetus for West German companies' original move was the lower labor costs — although this is not so much the case any more — plus the advantage of selling to U.S. customers from a U.S.-based company in a politically stable environment. In 1980, for instance, the West German machinery industry invested 340 million DM in the United States, the largest amount the West German engineering sector has seen invested at any one time in any foreign country.

The United States continues to offer the two most important incentives West German companies look for — effective production with low risk of strikes and a good investment climate with promise of reasonable profits.

The United States must feel similarly about West Germany for it invests even more money the other way around. This amounted to 20.3 billion DM up to the end of 1980, a third of total foreign investment in West Germany.

Broad Integration

France is also highly desirable for the West Germans, accounting for 6.81 billion DM of investment by 1980. It is perhaps the best example in the European context of integration by West German com-

Accumulated West German Investment in Selected Countries Since 1952

(billions of DM)*			
	Dec.31 1978	Dec.31 1979	Dec.31 1980
United States	8.59	12.28	15.66
Belgium/Luxembourg	5.75	6.25	7.28
France	5.63	6.35	6.81
Switzerland	5.15	5.29	5.83
Brazil	4.46	4.99	5.36
Canada	3.99	4.40	4.82
Netherlands	3.60	4.15	4.40
Spain	3.21	3.40	3.63
Mexico	0.77	0.80	0.99
Canary Islands	0.76	0.75	0.75
South Africa	0.62	0.65	0.68
Israel	0.58	0.61	0.62
Australia	0.34	0.37	0.54
Iran	0.53	0.54	0.51
Japan	0.35	0.38	0.42
Singapore	0.20	0.23	0.37
Libya	0.36	0.36	0.36
Nigeria	0.22	0.23	0.29
Algeria	0.22	0.24	0.25

Source: Economics Ministry.

*These figures do not include reinvestment, only the money transferred from West Germany to foreign countries.

Sectorial Breakdown West German Investment Abroad

	Dec. 1979	Dec. 1980
Petroleum	4,003	4,307
Chemicals	10,481	11,232
Electrical/ Electronics	6,786	7,391
Iron and Steel	5,643	5,867
Motor Vehicles	4,230	5,127
Machinery	5,027	5,835
Total (including others):	49,286	54,778

West German direct investment abroad (first half year) (billions of DM)	Foreign direct investment in West Germany (first half year) (billions of DM)
1977 2.57	1977 1.49
1978 2.72	1978 1.30
1979 3.37	1979 1.36
1980 4.81	1980 1.14
1981 4.31	1981 1.85

Source: Economics Ministry

Source: Economics Ministry

panies on a very broad scale. This compares with Belgium-Luxembourg, which had an overall higher figure for West German investment of 7.23 billion DM in 1980, but 2.47 billion DM of this is for international financing through Luxembourg's European financing center, and another chunk because of just one company, West German Ford's large motor vehicles venture.

France also invests substantially in West Germany — 3.42 billion DM by the end of 1980 — but this is only about half of the investment by some other European nations such as Britain, the Netherlands and Switzerland. French investments have traditionally been directed to other countries.

Other popular European countries for German investment are Switzerland — where more than half of the total investment of 5.83

billion DM goes into participation companies for further investment in third countries — the Netherlands 4.4 billion DM, and Spain 3.63 billion DM, where a third of the investment goes into the tourism industry.

Spain's simplification of administrative regulations has been met with increasing industrial participation from abroad, and this compares with the poor investment climate in such places as Portugal, Yugoslavia and Finland. Norway, which used to be more restrictive but has now loosened up, unfortunately does not have much of a market.

Africa offers two particularly attractive markets: South Africa, 677.9 million DM, which promises good conditions for investment and an excellent market, and the Canary Islands, 745.7 million DM.

(Continued on Following Page)

In Pursuit of the Silicon Valley Effect

Industrialists Rally to Catch Up With Markets in Microelectronics and Biotechnology

BONN — How can West Germany develop the "Silicon Valley effect?" This is a vital question preoccupying government officials and industrialists as they analyze the reasons why the country is trailing the U.S. and Japan in microelectronics.

They are also waking up to the fact that if they do not do something fast they will be in the same position in the promising new area of biotechnology. This could be as large a growth area in the late eighties and early nineties as plastics was in the seventies.

"Why can't we keep up with fast-moving markets? How can we

help university scientists and technicians develop enterprises with their new technologies?" asks a Ministry of Economics official.

The answers are not easy for in order to keep up with the rapid pace of the microelectronics era — and, later, biotechnology — West Germans will have to create a whole new atmosphere in the country.

They will have to wean themselves away from the old proven values of conservatism and a reluctance to take risks. This may have worked for them in the stable, slow-moving electrical markets, where the German penchant for

perfectionism paid handsome dividends, but it only works against them in the electronics marketplace.

This new atmosphere would have to stimulate the innovative process by enabling small and medium-sized companies to have better access to recent research and by encouraging a better exchange of knowledge from the universities to the industries and from company to company.

This happens automatically in the U.S. because of the constant turnover of staff.

But more than that, the West Germans will have to learn to in-

vest "risk" capital in new technology. There is almost a total lack of venture capitalists, which means most new innovative projects of small and medium-sized companies never get off the ground. In the larger companies such ideas take a long time to synthesize because of the bureaucracy.

An expert group to discuss all the technical and financial problems to be overcome in re-creating a "Silicon Valley" or a "Route 128" in West Germany met for the first time in January. It consisted of 15 specialists from industry, the banking community, consulting organizations and scientists, under

the aegis of the two ministries most involved in stimulating R & D activity in the small and medium-sized firms, the Ministry of Research and Technology and the Ministry of Economics.

"The starting point is a good idea developed by a scientist or technician, which has obvious economic applications. Then our intention is to help," says a Ministry of Economics source.

"We are aiming more than anything else at stimulating innovative capabilities: getting a better transfer of technology from the universities."

"The most challenging area in

the next couple of years is to get new products on the market involving new technology as fast as possible," says a German Chamber of Commerce and Industries source. He points out the decisive role that has to be played in the economy by the small and medium-sized companies, which make up 95 percent of the 42,000 companies employing more than 10 persons, in the manufacturing industry.

Recognizing this need, the Ministry of Research and Technology introduced a microelectronic program in January this year to encourage firms to introduce microelectronic components into products currently functioning through traditional means. The emphasis is not so much on consumer goods — fighting the influx of Japanese watches for instance — but on production goods. The program drew more than 1,000 applications within the first three months.

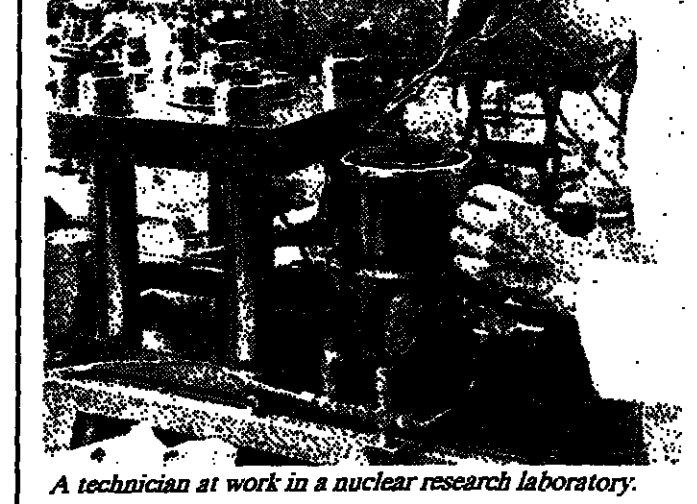
This is the second step in government attempts to stimulate the innovative process. It follows the Ministry of Economics' plan launched in 1979 to provide subsidies for R & D personnel in order to encourage more R & D work in the small and medium-sized companies. Some 3,000 to 4,000 firms joined the project the first year and now participants number more than 6,000 with an average 70,000 DM of funding per enterprise per year. This program has been limited to the manufacturing sector, with electrical-electronics, machine tools and the chemical industries being the main participants.

Comparison With U.S.

On the financing side, small and medium-sized businesses have traditionally only been able to raise limited amounts of capital, often by the owner mortgaging his home. But in most cases the businessman cannot raise enough to get a new invention from the prototype stage to the marketplace. The German Chambers of Commerce and Industry point to the more amenable conditions in the U.S. where small and medium-sized firms have no trouble at all in obtaining risk capital.

"Attempts to make risk capital more available here, however, have not been successful," the Chambers source said.

A special society to provide equity for innovative companies was set up in 1975 by companies in



A technician at work in a nuclear research laboratory.

the credit business, for instance, but industry and the ministries shrug their shoulders when asked if it has been a success. "It showed that the venture capital idea is not appropriate to our background," one source volunteered. "It's basically a creation of a lot of bankers, and these bankers still do not like to take risks. They are being as cautious as ever and only participating in good-looking projects where there is no possibility of a flop."

Yet when the Deutsche Wagnisfinanzierungs-Gesellschaft was set up at the instigation of the federal government and with support from industry, it was seen as pioneering new system of financing. The government undertook to share the risk of DWG by largely offsetting its losses by means of a loan that is contingently repayable.

The Ministry of Research and Technology is now to allocate 50 million DM a year to launch new measures for broad support of technology-based companies. This will start with the 1983 budget, and the idea is to give economic and technical advice as well as provide part of the capital. "But we will take the risk ourselves," says the ministry's Dr. Josef Rember.

The ministry will cooperate with the Kreditanstalt fuer Wiederaufbau, which for many years has been responsible for administering the European Recovery Fund (ERP) to help promote risk capital. Other banks will also be involved.

This new commitment comes after the ministry's decision to try and work on some of the areas

highlighted in a study in the mid-seventies on the large number of new technology companies in the U.S. compared with Europe. The study, contracted by the Anglo-German Foundation for the Study of Industrial Society and carried through by the U.K.'s Arthur D. Little, shows the U.S. success was due particularly to the fact that many founders for such companies came straight from the university environment, a favorable taxation system, availability of plenty of venture capital and the large market.

Dr. Rember says: "In Europe, though, we have a more fragmented market, a conservative procurement policy in our public sector, whereas the U.S. public sector is more inclined to try innovative products, and the individual behavior of young scientists is different. They like to stay with the university or go to the public sector where they are not confronted with the heavy yoke of the free economy and free enterprise."

The Anglo-German Foundation study proposed several measures to encourage new technology companies including concentrating government R & D money on small and medium-sized companies, reducing taxes on capital invested in new companies and bringing the urgency of the situation more into the consciousness of the general population to stimulate a change.

"Our thinking is that we should work on these areas, and this will be done this year or next," says Dr. Rember.

— PEARL MARSHALL

Observers Adopt Cautious Tone on Investments Abroad

(Continued from preceding page)

where much of the investment — as in Spain — goes on tourism.

Most of the African countries have no real market to offer, but as soon as something promising develops, the West Germans are quick to move in. This can be illustrated by the fact that in 1981, 364 million DM, Nigeria 290 million DM, and Algeria 253 million DM — tourism as in the Canaries, or raw materials as in Liberia, where iron ore encouraged West Germany's Thyssen to spend a large amount of money on an exploration.

Tunisia is attracting increasing West German interest — 75 million DM by 1980 — because of its good climate for private investment. Tunisia does tend to be highly oriented toward textiles, but a recent contract concluded between Compagnie Mecanique de Tunisie (CMT) and Klockner-Humboldt-Deutz (KHD) of Cologne, calls for setting up an industrial plant at Mateur, about 70 kilometers from Tunis, with an annual production of 6,000 air-cooled diesel engines, 2,200 tractors, 100 combines and 650 other units of agricultural machinery. KHD will hold a 35-percent interest in the increased capital of CMT.

Brazil has proved a strong market for the West Germans and offered over the years a liberal system of private investment. The atmosphere has been changing as the Brazilian government pulls in the reins, but the cooperation between the two countries is so strong that

there is little doubt investment will continue its pattern there. Many German machinery exporters have built up their own production facilities in Brazil to avoid the import restrictions and high import duty on a wide variety of machines. This provides an obvious way to keep producing for the market, rather than losing out on the market completely. A typical example has been the success of a large number of small West German auto ancillary manufacturers who were encouraged to invest in Brazil when Volkswagen moved there earlier on.

Cooperation between the two countries has grown not just because of this type of industrial relationship but also because of the large number of West Germans who emigrated to Brazil in the last century and the resultant family connections.

"We are often asked why West German industry is so fascinated with Latin America and not with Asia," says Heinz Tembrink, director of the Federation of German Industries foreign trade department. "These are some of the reasons."

Further north, Mexico's oil-generated development is attracting West German investment reaching 995.8 million DM. Volkswagen has a big investment there, with the only production line still operating to produce the "Beetle."

Japan continues to remain an enigma to most German investors, whose companies have a historical involvement in trading with Latin America but not with Asia. They have a saying, for instance, that if

a million DM is invested for marketing a product in Europe, the proof of success or failure will soon be apparent. But the same million put into Japan brings a long wait to see the results. This is important to the small and medium-sized companies anxious about time and turnover. More than 80 percent of German industry consists of these sized firms.

Not that the same concern about distances, costs and a different business mentality has protected the Germans from Japanese competition. The Germans are used to running trade deficits with Japan — as are their European neighbors. Additionally, there are about 12,000 personnel employed by Japanese companies in Germany, compared with only about 1,000 to 2,000 the other way round.

Many German industrialists are suspicious of the recent propaganda blitz by the Japanese to rebut charges by the West that their markets remain relatively closed. "Our feeling is that they are still promoting the existing difficulties," says one industry source. "We think they should be more open."

German companies have invested 416 million DM by the end of 1980 in Japan. One such company, BMW, entered the market recently in a move almost analogous to taking coals to Newcastle.

"Up until now the Japanese car manufacturers have been challenging us," says BMW spokesman Michael Schimpke. "So now we are willing to invest and do in Japan what the Japanese are doing so successfully in Europe."

To better understand and cope with Japanese business procedures and help expand its markets, BMW replaced its contracted importer in Japan in April last year with a wholly owned sales subsidiary, becoming the first German car manufacturer with such a subsidiary there. It is BMW's 11th such sales subsidiary worldwide.

One particularly involved process is getting the M.O.T., the certification of roadworthiness in Japan. Its a lengthy procedure all manufacturers are subjected to, not just importers, and BMW finds it helps to have its subsidiary on the spot to better know the channels of communication and

report back on any new development trends.

Automobile imports account for 1.3 percent of Japanese domestic requirements. BMW has been exporting around 4,000 a year, well below the 12,000 Volkswagen units and 5,000 Daimler-Benz to Japan. Through its sales subsidiary, BMW hopes to see that 4,000 increase to somewhere around 10,000 by the late 1980s, following on the heels of a similar venture in the U.S. where sales by its wholly owned subsidiary there have grown from 19,000 in 1975 to 40,000 today.

BMW is now in the process of building up its dealer network in Japan and staffing its subsidiary. "Headhunting is quite difficult because of the mentality of the Japanese worker who tends to live and die with the company he is associated with," says Mr. Schimpke. The head of BMW's Japanese operations, Hama Waki, was himself not working in Japan when he was hired away by BMW but for a Japanese company in the U.S.

There is a tendency for West German firms to increase investments in other Far Eastern countries, particularly Singapore — 367 million DM by the end of 1980 — because of the relatively stable conditions.

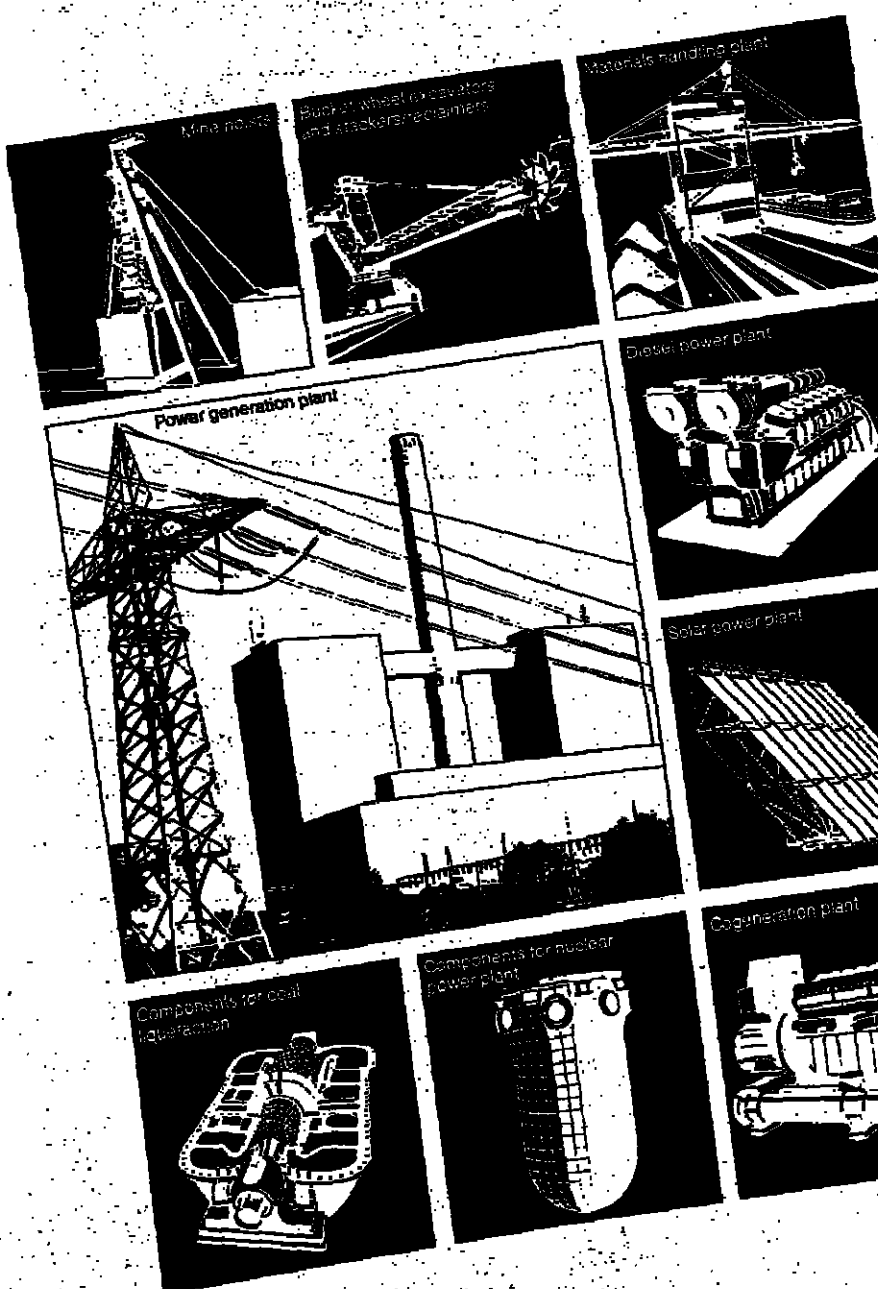
India is seen as an attractive market for a later date but not at the moment.

Australia is also attracting increasing attention from the West Germans — 544.5 million DM by the end of 1980 — despite the distance. This is mainly because of its need to utilize its enormous raw materials resources.

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Founding a new company in a foreign country is only worthwhile if the market is right, the social environment fits and if problems can be solved jointly. These are the most important factors apart from the advantages and benefits which one can claim as investor in almost any country in the world.

Whichever way you look at it, Lower Saxony, as one of Germany's larger Länder, has only advantages to offer new companies.

And this is what we should discuss sometime. What about the Hannover Fair? You will find us in the "Niedersachsen Pavilion" on Stahlstraße.



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مكتبة النهر

Asian Bank Asks Donors For Big Raise

MANILA — The Asian Development Bank has asked its 17 donor members to increase contributions, said in its annual report that external fund needs of its 27 developing members will grow steadily this decade.

The bank, which is trying to persuade its 17 donor members to increase contributions, said in its annual report that external fund needs of its 27 developing members will grow steadily this decade.

The bank is seeking a 125-percent increase in its ordinary capital, which stood at \$8.3 billion at the end of 1981, and replenishment of the Asian Development Fund, which at year-end had \$90 million available for lending to the ADB's poorest members at preferential terms.

The U.S. has expressed strong opposition to the ADB's targets, according to senior ADB officials, and the matter is likely to be the focus of the bank's annual board of governors meeting, scheduled for April 28-30 in Manila.

Bank Lending

The report said the bank has lent almost \$10 billion since its inception in 1966 and made 57 loans last year, totaling a record \$1.68 billion.

Detailing its 1981 lending, the bank said \$531 million was lent interest-free by the development fund. Bangladesh received the largest amount, \$191 million, followed by Pakistan, \$155 million; Burma, \$59.5 million; Nepal, \$45.2 million, and Sri Lanka, \$35.5 million.

Total output for the 16 developing members of the bank whose statistics were available showed 1981 growth of 6.4 percent, "somewhat higher" than in 1980, the bank said. Average inflation fell to 13.6 percent from 15.5 percent, but the total trade deficit rose 30.4 percent to \$21.4 billion.

Exports grew 8.2 percent, compared with 25 percent in 1980, while import growth slowed to 10.5 percent from 30 percent.



The plant at the diamond mine in Jwaneng, Botswana, began production this year.

Botswana Diamond Industry: In the Rough

By Joseph Lelyveld
New York Times Service

JWANENG, Botswana — The potential for disappointment seemed minimal when geologists and mining engineers from De Beers Consolidated Mines ran feasibility studies here on a savanna sparsely covered with thorn bushes and cattle.

That was about five years and \$315 million ago, when the international diamond cartel that De Beers manages could not acquire enough gemstones to meet the demand made on its London-based Central Selling Organization.

Now South Africa-based De Beers, which markets 85 percent of the world's diamonds, has cut its supposedly sacrosanct dividend for the first time in more than a generation and the cartel has all but suspended purchases of the more expensive stones.

Tough Adjustments

The diamond trade has been in a slump since the spring of 1980, when many investors began taking advantage of high interest rates and consumers started buying fewer, and smaller, diamonds.

For Botswana, which relied on diamonds for as much as 60 percent of its foreign earnings in 1980 and somewhat less last year, the slump is forcing some tough adjustments in government spending.



And yet it is at this unpropitious moment that the new Jwaneng diamond mine is going into operation here near the edge of the Kalahari Desert, practically doubling Botswana's diamond output.

After two years of blasting and digging that produced a 54-acre hole, the mine's electric-powered shovels finally chewed down to the first layer of diamond-bearing kimberlite ore last August. In January, operations began in the crusher and separation plants in which the ore is pulverized, bathed and X-rayed until it finally gives up the handful of diamonds that constitutes a day's production.

The mine, operating around the clock six days a week, is expected to produce nearly three million carats in its first year. Next year the mine is supposed to yield nearly four million carats.

Purchase Quotas

But because this is more than the market can bear now without a dangerous erosion of prices, according to the Central Selling Organization, most of Jwaneng's diamonds seem destined to be added to a stockpile maintained in Gaborone, Botswana's capital, by De Beers Botswana Mining. The company, known as Debswana, is a 50-50 partnership between the South African company and the Botswana government.

In an interview last month with The Financial Mail, a Johannesburg weekly, De Beers chairman, Harry F. Oppenheimer, acknowledged that the cartel had been forced to set quotas on purchases. The quotas are geared to production, he explained, which meant that Botswana's would be increased as a consequence of the opening of Jwaneng.

"As Botswana's production rises relative to that of other countries which sell through the Central Selling Organization," Mr. Oppenheimer said, "Botswana will sell more diamonds." By this he meant more diamonds than it would otherwise have sold in a bad year, which apparently is still less than Botswana was selling two years ago, when Jwaneng was in the development stage.

Yet David Hodgson, Jwaneng's

production manager, said the mine was still operating according to a production plan approved five years ago. No one at the mine would guess whether full production could be maintained, considering present market conditions. But any change in the plan would require the approval of the Botswana government.

The fragile hope, expressed by company and government officials alike, was that a significant reduction in interest rates would occur in the United States by year-end, bringing a recovery for higher-grade diamonds.

Louis Nchindo, a Debswana board member and a Botswana citizen whose corporate functions make him the equivalent of an ambassador from De Beers in Gaborone, said in an interview that the government was regularly briefed by representatives of the Central Selling Organization and by Mr. Oppenheimer on the state of the market.

Like all producing countries, he said, Botswana had a choice of either producing diamonds and stockpiling them, or "stockpiling them in the ground, which would mean laying off workers." Layoffs have been avoided so far.

'We Don't Lose Them'

The Minister of Mineral Resources, Gaseitsewe Chepe, said she defends the production policy by noting that diamonds are "not perishable," that "we don't lose them if we don't sell them."

To defend the government from the charge that it had become overly dependent on diamonds and De Beers, she reached for a metaphor that accords with the country's rural culture, which is still largely based on cattle-raising. It is a misfortune that cannot be helped, she said, if you fatten your cattle for market when the price is high and then find you cannot sell them because of an outbreak of foot-and-mouth disease.

The investment by De Beers in the Jwaneng mine was not limited to prospecting, machinery and production facilities. The company had to build a 70-mile (112-kilometer) road, a power line, a water system and a town.

The town of Jwaneng is still rising and already has 6,000 inhabitants. Some 1,400 of them work at the mine and about 85 percent of these are citizens of Botswana. Under a program of "localization," Debswana intends to draw 93 percent of its work force from Botswana by 1985; to this end, it has sent 107 students overseas for higher education and has begun training programs.

The company's other two mines are at Orapa, where 4.5 million carats were produced last year, and Letlhakane, a much smaller mine noted for the sort of rich stones that nobody seems to be buying these days.

To the Victors Over Inflation Go Bitter Spoils

(Continued from Page 17)

percent annual average of 1979 and 1980.

Most economists expect that slowing to continue. "The inflation rate during the next several years," predicted Lawrence Chimerine of Chase Econometrics Associates, "will remain far below that of recent years."

"The recent significant easing in inflation and the decline in oil and commodity prices has generated hopes of outright deflation," he continued. But this is "not likely," he asserted, because wages continue to rise, an economic upturn lies on the horizon and the squeeze on corporate profit margins that has accounted for much of the recent price deceleration can be expected to loosen up as the economy returns to more normal levels of growth.

Thus, the prospect is for prices to continue to rise but at a much slower pace than the one to which many Americans have become accustomed. What does this disinflationary world look like?

First, a closer look at the more familiar evil.

The Great Equalizer

Inflation's main effect, according to G. L. Bach, a professor of economics at Stanford University, traditionally has been to redistribute income and wealth among various parts of society.

During the second half of the 1970s, borrowers benefited at the expense of lenders because by the time the borrowing had to be paid back, inflation had eroded the value of the funds. The government benefited at the expense of taxpayers because inflation constantly pushes people into higher tax brackets even though their real incomes have not increased.

In contrast, corporations tended to lose from inflation because the depreciation of their facilities, based on original costs, does not keep up with the amounts needed to replace these facilities. Invento-

ry profits — goods made or bought at a price level that had risen considerably by the time they were sold — proved illusory under inflation, and moreover were subject to tax.

In social terms, inflation tends to favor the middle class at the expense of both the rich and the poor, the young at the expense of the old.

A young middle-class family is most likely to have very big debts that inflation constantly lightens. The elderly tend to have mortgage-free houses and relatively big holdings of depreciating financial assets. Both rich and poor suffered in the sense that both are likely to have few debts, the former because they do not need to borrow and the latter because nobody will lend to them.

In general, those parts of society that win from inflation lose from disinflation.

Many Losers

Disinflation's effects, however, appear to be spread more evenly, in a random pattern benefiting relatively few, at least until the adjustment process sets in. One reason is the recession that has been an accompaniment, many would say the main cause, of a slower pace of price increases.

"There are many losers — and not many winners," said Robert Eisner, an economics professor at Northwestern University who has been an adviser to Democrats. Lost jobs and production cause distinct hardships, he said, while "the rest of us are paying for those who lose" through increased unemployment and welfare payments to those thrown out of work.

The borrower's advantage has turned to disadvantage, but the lender's position has not necessarily improved.

Among those most distressed by slowed inflation are individuals and businesses that took out large loans in the past few years on the assumption that inflation would remain at very high levels.

The home buyer now finds himself stuck with high mortgage payments while the value of his house falls. That does not, however, leave the bank a sure winner. "There may be more defaults on mortgage loans, creating additional stress for financial institutions," observed C. Lowell Harris, a former economics professor at Columbia University who now is executive director of the Academy of Political Science.

The farmer's new, expensively financed machinery is harvesting crops fetching lower market prices.

Now-Existent Prices

"I would imagine there are a good many people with debts promised on prices that no longer exist," said Mr. Harris.

Big chunks of corporate America such as the chemical, metals and textiles industries, are being squeezed similarly between higher

financing and other costs and lower prices for their products.

Phelps Dodge, for example, suffering from a collapse in copper markets, Saturday closed all four of its mines and its three Arizona smelters until at least June 1. About 3,800 employees were laid off. And Phelps, the second-biggest U.S. copper producer, has also cut the pay of its 4,750 salaried workers by 4 percent to 8 percent, with top management taking even steeper cuts.

One thing shared by many of these disinflation victims is bad timing. They made commitments at just the wrong moment. Such winners and losers seem to have been created by a sort of economic random selection.

Overall, with disinflation alone, before its benefits are translated into economic growth, there are few beneficiaries. Inflation's reversal so far, Mr. Eisner said, has been "a costly victory."

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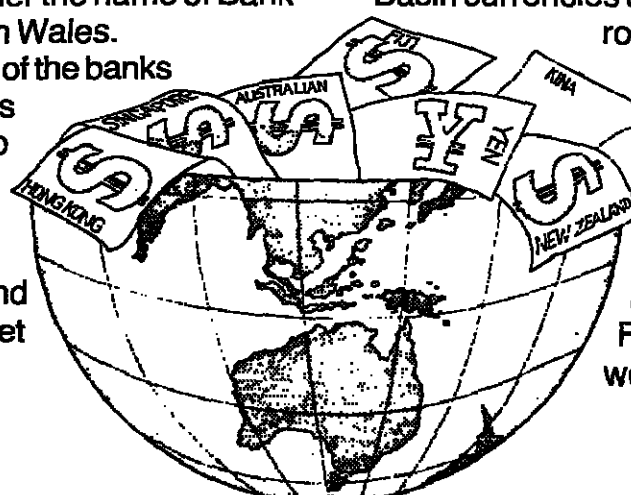
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April 15, 1982

AMEX Nationwide Trading Closing Prices April 19

Tables include the nationwide prices up to the closing on Wall Street.

Business Failures Increase In U.S.

The Associated Press

WASHINGTON — The number of U.S. businesses that failed in the first 14 weeks of this year was up 50 percent from the same period a year ago, figures compiled by Dun & Bradstreet showed Monday — and the failure rate may get worse.

Already, the recession and high interest rates are forcing businesses to shut their doors at the fastest pace since the Depression. The current failure rate, equal to 83 per 10,000 businesses, is the highest since 1933, when it hit 100 per 10,000.

According to Dun & Bradstreet, a leading financial reporting service, 6,205 companies failed in the first 3½ months of 1982. This includes only those companies that owed money when they went under. Those that slid down after paying all their debts are not included.

"Our people think the situation is really bad," said William C. Dunkelberg, chief economist for the 560,000-member National Federation of Independent Business and a professor at Purdue University. "It's not like a crash, a long and gradual descent."

"They keep hanging on and hanging on, keep borrowing money and thinking, 'This is to stop and turn around,' but it hasn't," said. "A lot of the people we're losing have been around a long time and have finally succumbed to several years of 'virtually growth.'"

Thomas Gray, acting chief economist for U.S. Small Business Administration, said it even after the economy begins to recover, the failure rate probably will worsen because it will take time for improved conditions to percolate out of their financial straits.

He estimated that nearly 26,000 businesses will fold this year, 9,000 more than in 1981. Most of the businesses that have shut down are small, but that is because more than 90 percent of the nation's 15 million private enterprises are considered small businesses.

or your local IHT representative.

Most of the businesses that have shut do are small, but that is because more than percent of the nation's 15 million private terprises are considered small businesses.

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Edited by Eugene T. Maleska



SUICIDE IN AMERICA
By Herbert Hendin, M.D. 252 pp. \$16.95.
Norton, 500 Fifth Ave., New York, N.Y. 10110.

Reviewed by Anatole Broyard

“THERE is but one truly serious philosophical problem,” Albert Camus wrote, “and that is suicide. Judging whether life is or is not worth living amounts to answering the fundamental question of philosophy.” According to Herbert Hendin in “Suicide in America,” Camus’ statement has more force for us now than when he originally made it, for suicide is developing a considerable philosophical literature in the United States, which now leads the world in the suicide rate of its young men. And its young women are not far behind.

confirms the patient's fear that he is living not for himself, but for someone else. Besides, the patient may choose the therapist not for a savior, but an executioner, transferring the impossible burden of survival to him. Understanding, according to the author, is more useful than caring, which is over-emphasized in the sentimentality that pervades U.S. psychotherapy.

The correlation between alcoholism and suicide is not clear, Hendin observes. If the alcoholic's life goes to pieces and he sees himself as without a future—one of the reasons for remaining alive—he may kill himself. Or he may simply suspend time with his drinking, as a fetus is preserved in alcohol.

Most suicides, the author argues, are misunderstood — a rather arrogant statement that he convincingly supports. Studies show, he says, the suicide-prevention agencies have little or no demonstrable effect. Nor do most hospital programs. The disillusionment that follows these failures, however, does not justify, in his opinion, the "right to die" movement that is attracting increasing attention and even becoming a civil rights issue.

One of the strongest arguments for some sort of intervention, he says, is the fact that most suicides are ambivalent about dying. He talked to four people who tried to kill themselves by jumping from a bridge and were rescued. They regretted it as soon as they jumped. The other two denied any regret, yet one of these never tried again.

At the beginning of "Suicide in America" the material is disconcertingly complex, but by the middle of the book Hendin puts his own anxiety to rest and settles down to a brilliant and extremely persuasive analysis of the subject, its literature, and its psychological implications for the suicidal person and for us.

Some of his images are heartbreaking: a young mother, for example, who had given her child away jumped from a building with his picture in her brassiere, as if she wished to nurse him in death. Next to her, the claim of a French philosopher that suicide is a path to "transfiguration" seems merely silly. As Hendin says, to hope to gain control over death is the ultimate delusion of grandeur. Since revenge—on life, or on a loved one—is often the suicide's motive, the best therapy is to convince him that, as the proverb says, "Living well is the best revenge."

Anatole Broyard is on the staff of The New York Times.

Wagner Letters Sold in London

The Associated Press

LONDON — Some 400 letters by the composer Richard Wagner and his circle, some unpublished, have been sold for £118,829 (\$209,139) as part of a Sotheby's sale of manuscripts and letters by Beethoven, Martin Luther, Mussolini and other musical, religious and historical figures.

The top lot in the Wagnerian collection, put up for sale anonymously, was a letter from Wagner to Princess Carolyne Sayn-Wittgenstein, who was Liszt's mistress and confidante. In it, Wagner declared his love for her — "Rach, Rach, Rach," he wrote.

The buyer was New York dealer John Fleming who paid \$4,500, Sotheby's said.

CHESS

By Robert Byrne

ONE of the most difficult types of combinations to envision is that in which the initial ally following the sacrifice does not subdue the opponent but demands a second theme to prevail. If one spots only the first segment, one is apt to get discouraged and drop the whole combinational idea.

Alexander Alekhine, world champion from 1927 to 1935 and from 1937 to his death in 1946, was famed for discovering extraordinary sequels for what others would have taken to be unsound combinations. Even if a mating combination did not result in checkmate, he would relentlessly pursue the idea to see if it did not prepare another way to win.

Some of his talent for this can be seen in the play of Gari Kasparov, a brilliant 18-year-old Soviet grandmaster. A telling example is his victory over Robert Hübner of West Germany, a finalist in the last series of world championship Candidates' Matches, in the sixth round of the Interpolis International Tournament in Tilburg, The Netherlands.

The Hippopotamus formation that Kasparov adopted was shown in all its glory after 19... N-B4. Its principal attributes are that White's Maroczy bind cannot produce a knight outpost at Q5 because of the Black KP at K3; the only weakness in the Black position is the backward QP, but it is difficult to attack; an attempt to drive away Black's knight at QB4 by P-QN4 would weaken the White QB2, and an attempt to launch a kingside pawn storm could easily do more harm to the White king than the Black one.

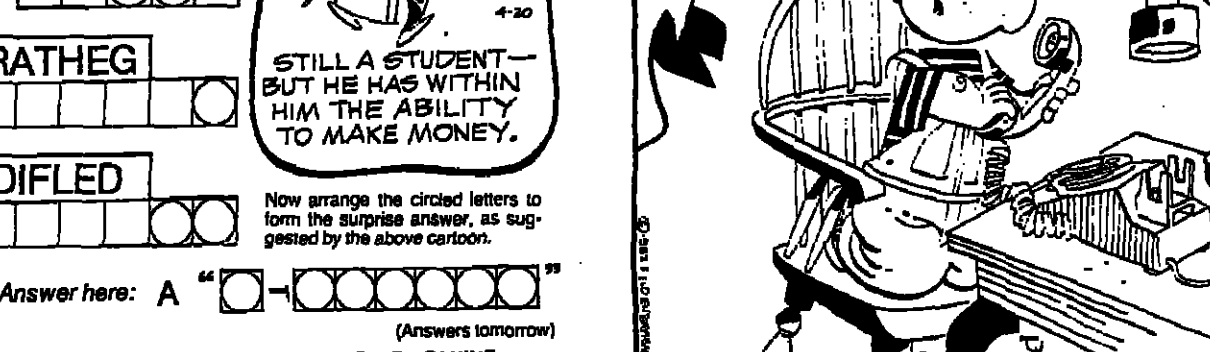
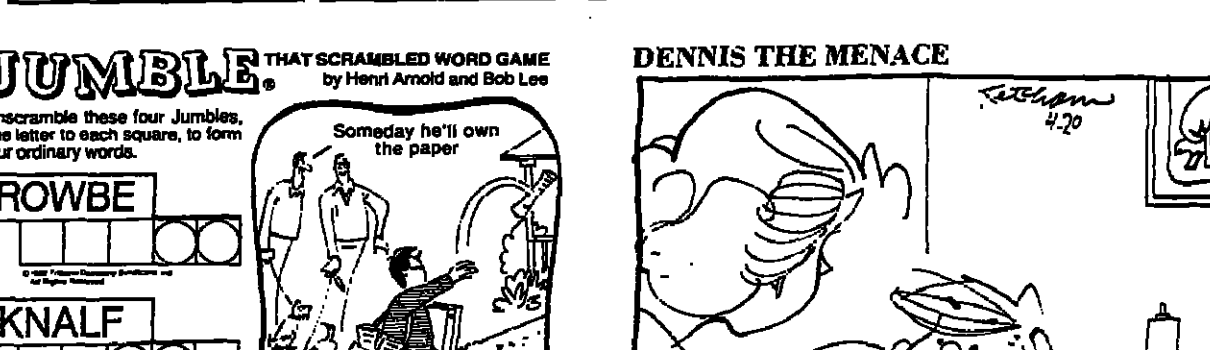
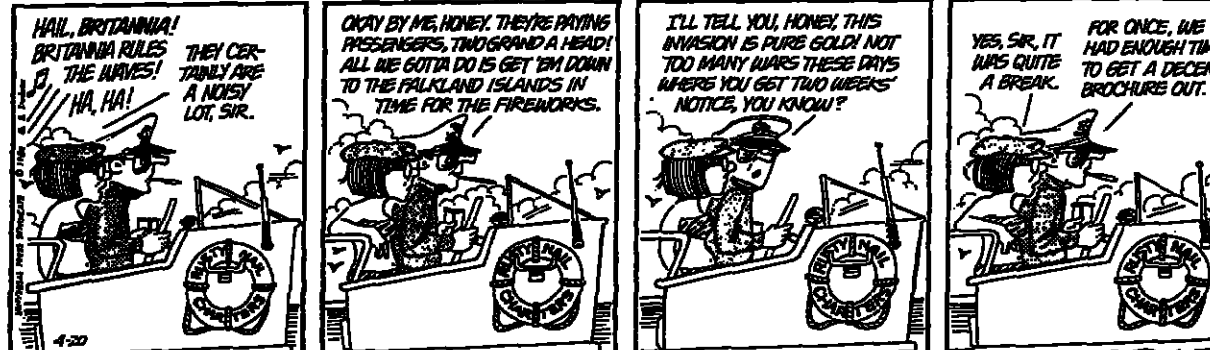
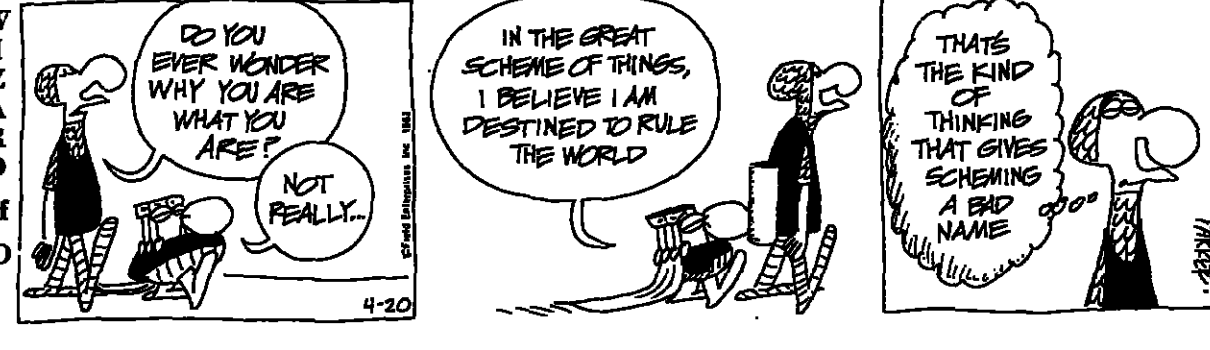
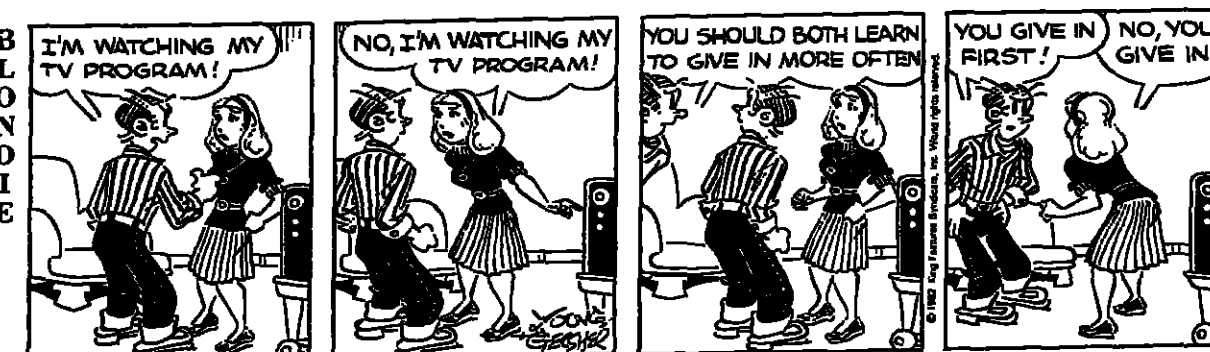
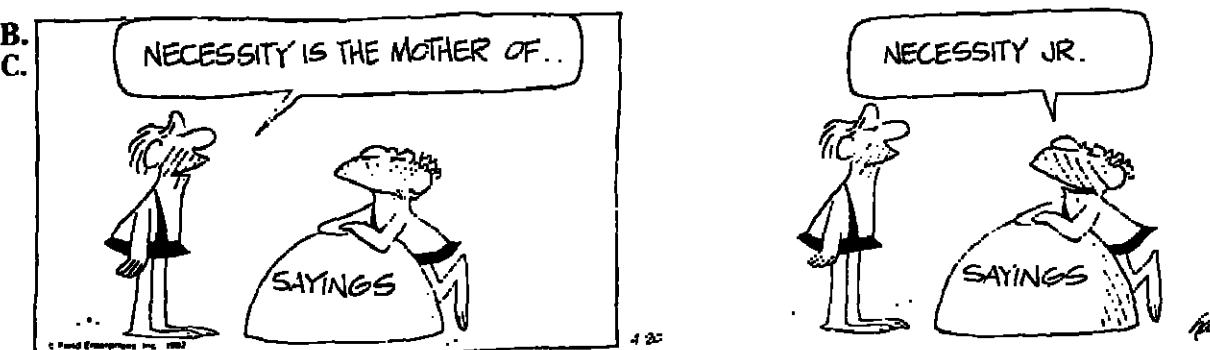
But the formation's real value is the way it can produce such a dynamic counterattack as 23 . . . P-QN4!; 24 PxP, P-Q4! Here, 25 PxR?!, BxP; 26 R-R3, KxP would set up a powerful Black knight outpost at Q6. Moreover, 25 P-K5?! KN-K5 would cut off the support of the White KP. Therefore, Hübner was constrained to free

On 30 . . . RxP, the Black QP was labored because 31 BxP, R/4-Q4; 32 B-K3, RxR; 33 BxR, Q/4; 34 K-N1, Q-Q4; 35 R-K2, B-B6 wins the pinned bishop. Consequently, Kasparov was soon able to reestablish material equality with 32 . . . QxP while achieving the superior mobility

Kasparov initiated a brilliant, far-sighted combination with the exchange sacrifice, 40 ... Rxb1, revealing the frailty of the White king position after 41 Rxb1, Q-K5; 42 Q-DB4, Q-R8ch; 43 K-K2, Q-KN8! Af-

er 44 R-N8ch, K-R2, it was not possible to reach by 45 R-KB3 because of 5 . . . R-K4ch; 46 K-Q2, Q-E8ch; 7 K-B2, P-O6ch; 48 RxP, R-K7ch; 9 K-P3, N-N8ch; 50 K-R4, QxR... Thus, 45 P-B4 was forced, and it looked as though Kasparov's mating attack had been headed off. However, after the scintillating 45 . . . P-R5! still destroyed the defense — but in a new way. It was not enough to eliminate a pair of rooks with 46 R-N5 (46 PxP, 47 R-EK3, Q-N7ch wins at once). After 46 RxR, Kasparov's termi-
nated could not pass with Kasparov's terri-
fied capped KNF after 47 . . . PxP.
After the crushing 49 . . . Q-B8ch,
there could have followed 50 K-Q2 (or
K-B2, Q-K7ch; 51 R-Q2, Q-O6ch;
K-B1, Q-B8ch; 53 R-Q1, Q-B2;
K-N1, Q-B7mate), P-N7; 51 R-
N5, P-R3; 52 K-R4, Q-N7ch; 53
White out of his pain.
The rubber, having had no sign of suffer-
ing, gave up.

ENGLISH OPENING			
White	Black	White	Black
1 P-Q4	K-K3	26 P-N3	Q-Q3
2 N-Q3	P-K4	27 P-Q4	K-B3
3 P-K3	P-N3	28 P-N3	P-N3
4 B-N2	B-N2	29 K-Q2	P-Q4
5 P-Q4	P-P3	30 P-Q4	Q-Q4
7 P-Q4	P-P3	31 Q-Q3	Q-P3
8 Q-P3	P-K3	32 K-1/2-Q1	K-B3
9 P-Q4	P-N3	33 P-Q4	P-K3
10 P-K4	Q-N3	34 P-P3	E-E4
11 Q-P3	P-Q3	35 Q-N7	P-Q1
12 P-Q4	P-N3	36 P-Q4	P-N3
13 B-N2	K-B3	37 K-1/2-Q1	Q-K1
14 P-K3	B-K3	38 E-E2	K-N7
15 P-Q4	P-N3	39 P-Q4	P-N3
16 P-K3	P-N3	40 E-E2	Q-K3
17 Q-N3	Q-N3	41 Q-Q4	E-E2
18 P-Q4	P-N3	42 P-Q4	E-E2
19 P-Q4	P-N3	43 P-N3	P-K3
20 P-Q4	P-Q3	44 P-Q4	P-K3
21 P-Q4	P-N3	45 P-N3	P-Q4
22 B-N2	K-R1	47 Q-P3	P-P3
23 P-Q4	P-Q4	48 Q-N5	Q-N5
24 P-P3	N-Q3		Resigns



"WHAT'S A NICE WAY TO TELL OL' MARGARET SHE'S A PEST AND A PAIN IN THE NECK WITHOUT HURTING HER FEELINGS?"

WEATHER

A	H			L			C	F	H	L			C	F	H	L	C	F
	C	H	F	C	H	F				C	H	F						
ALABAMA	17	57	15	55	Cloudy				MADRID	17	55	19	57	Overcast				
ALGERIA	18	64	11	52	Rain				MEXICO	19	54	21	59	Foggy				
ANDRERAMP	13	55	6	52	Fair				MEXICO CITY	20	56	14	57	Cloudy				
ARIZONA	19	66	11	52	Cloudy				MILWAUKEE	19	66	11	52	Cloudy				
ATLANTA	19	66	11	52	Fair				MILAN	19	66	9	48	Cloudy				
AUCKLAND	19	66	11	52	Foggy				MONTREAL	15	41	2	36	Fair				
BANGKOK	19	66	11	52	Fair				MOSCOW	19	66	11	52	Cloudy				
BEIRUT	18	64	13	55	Cloudy				MUNICH	8	46	2	28	Cloudy				
BELMONT	17	57	15	55	Overcast				MURKIN	18	56	12	59	Cloudy				
BERLIN	12	54	2	36	Overcast				MARBO	22	82	15	59	Cloudy				
BOSTON	18	64	6	43	Fair				NEW DELHI	14	50	21	70	Fair				
BREKIDEL	19	66	11	52	Fair				NEW YORK	18	64	7	45	Fair				
BREKIDEL	15	59	5	41	Fair				NEW YORK	18	64	7	45	Overcast				
BUDAPEST	9	48	2	36	Showers				OSLO	12	54	3	31	Fair				
BUEENOS AIRES	19	66	11	52	Cloudy				PARIS	16	61	3	37	Fair				
CAIRO	20	84	20	48	Fair				PRAGUE	18	64	7	48	Overcast				
CALIFORNIA	18	64	11	52	Cloudy				PRAGUE	18	64	8	32	Cloudy				
CHINA	16	61	7	45	Rain				REYKJAVIK	7	45	6	43	Showers				
COLUMBIA	12	54	3	37	Cloudy				RIO DE JANEIRO	19	66	11	52	Cloudy				
COSTA RICA	19	66	11	52	Cloudy				ROME	19	66	4	29	Foggy				
DAMASCUS	27	81	8	46	Fair				SALZBURG	27	81	16	61	Fair				
DARTMOUTH	19	66	11	52	Cloudy				SEATTLE	19	66	11	52	Cloudy				
EDMONTON	10	50	0	32	Fair				SEGOUL	13	55	4	29	Fair				
FLORIDANCE	18	64	6	46	Fair				SHANGHAI	14	50	21	70	Fair				
FRANKFURT	19	66	11	52	Fair				SINGAPORE	18	64	8	24	Fair				
GENEVA	14	57	5	41	Fair				STOCKHOLM	10	50	1	24	Cloudy				
HELSINKI	4	37	-1	28	Fair				SYDNEY	19	66	11	52	Cloudy				
HONGKONG	18	64	6	46	Overcast				TAIPEI	17	72	15	59	Foggy				
HOUSTON	28	82	29	48	Stormy				TEL AVIV	23	75	15	59	Fair				
ISTANBUL	19	66	11	52	Fair				TOKYO	18	64	7	48	Cloudy				
JERUSALEM	19	66	11	52	Fair				TUNIS	18	64	9	49	Cloudy				
LAS PALMAS	22	72	15	59	Overcast				WARSAW	17	63	4	41	Cloudy				
LIMA	27	77	14	57	Overcast				WENSHAW	15	43	6	33	Fair				
LONDON	17	57	15	55	Cloudy				WILMUNA	19	66	11	52	Cloudy				
LONDON	14	57	5	41	Fair				WINE	21	70	10	50	Fair				
LOS ANGELES	27	81	20	48	Fair				ZURICH	13	55	1	34	Fair				

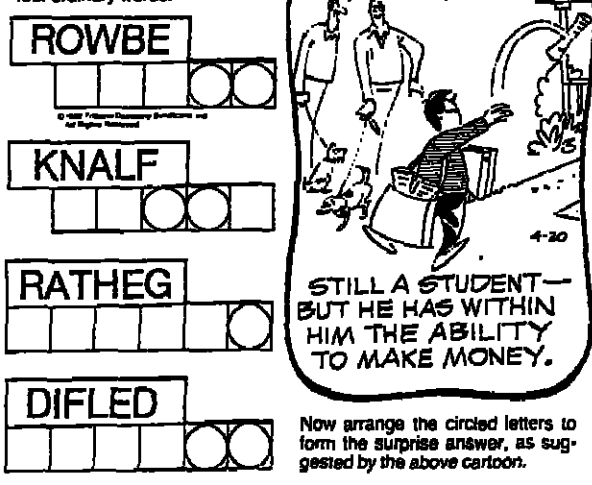
ADVERTISEMENT
INTERNATIONAL FUNDS
April 19, 1982

The net asset value quotations shown below are supplied by the Funds listed with the exception of some funds whose quotes are based on issue prices. The following marginal symbols indicate frequency of quotations supplied for the INT:(d)—daily;(w)—weekly;(m)—monthly;(b)—bi-monthly; (r)—regularly;(i)—irregularly.

BANK LEUENHAEU BAER Co Ltd			
(a) Bielefeld	SF 49.30		
(b) Leipzig	SF 49.30		
(c) Magdeburg	SF 49.30		
BANK VON ERNST & Cie AG PS 2621 Bern			
(a) 2.5% Fund	SF 5.40		
(b) 3.5% Fund	SF 5.40		
(c) 17% Fund N.V.	SF 11.20		
BRITANNIA BANK LTD 27, St. Helier, Jersey			
(a) Jersey Gift Fund Income	£ 2,500.00		
CREDIT COMMERCIAL			
(a) Capital Int'l Fund	£ 3.75		
(b) Capital Int'l Fund	£ 3.75		
(c) Capital Int'l Fund	£ 3.75		
CREDIT SUISSE			
(a) Caisse d'Epargne	SF 59.25		
(b) Caisse d'Epargne	SF 59.25		
(c) Caisse d'Epargne	SF 59.25		
(d) Energie-Volant	SF 59.25		
(e) Energie-Volant	SF 59.25		
(f) Energie-Volant	SF 59.25		
DIT INVESTMENT FPM			
(a) DIT Invest	DM 17.25		
(b) DIT Invest	DM 17.25		
FIDELITY PO Box 470, Hamilton, Bermuda			
(a) American Value Fund, Pref	\$100.00		
(b) American Value Fund, Pref	\$100.00		
(c) American Value Fund, Pref	\$100.00		
(d) American Value Fund, Pref	\$100.00		
(e) American Value Fund, Pref	\$100.00		
(f) American Value Fund, Pref	\$100.00		
(g) American Value Fund, Pref	\$100.00		
(h) American Value Fund, Pref	\$100.00		
(i) American Value Fund, Pref	\$100.00		
(j) American Value Fund, Pref	\$100.00		
(k) American Value Fund, Pref	\$100.00		
(l) American Value Fund, Pref	\$100.00		
(m) American Value Fund, Pref	\$100.00		
(n) American Value Fund, Pref	\$100.00		
(o) American Value Fund, Pref	\$100.00		
(p) American Value Fund, Pref	\$100.00		
(q) American Value Fund, Pref	\$100.00		
(r) American Value Fund, Pref	\$100.00		
(s) American Value Fund, Pref	\$100.00		
(t) American Value Fund, Pref	\$100.00		
(u) American Value Fund, Pref	\$100.00		
(v) American Value Fund, Pref	\$100.00		
(w) American Value Fund, Pref	\$100.00		
(x) American Value Fund, Pref	\$100.00		
(y) American Value Fund, Pref	\$100.00		
(z) American Value Fund, Pref	\$100.00		
G.T. MANAGER (UK) LTD			
(a) Berry Pk. Co. Ltd.	HK\$ 3.50		
(b) Berry Pk. Co. Ltd.	HK\$ 3.50		
(c) Berry Pk. Co. Ltd.	HK\$ 3.50		
(d) Berry Pk. Co. Ltd.	HK\$ 3.50		
(e) Berry Pk. Co. Ltd.	HK\$ 3.50		
(f) Berry Pk. Co. Ltd.	HK\$ 3.50		
(g) Berry Pk. Co. Ltd.	HK\$ 3.50		
(h) Berry Pk. Co. Ltd.	HK\$ 3.50		
(i) Berry Pk. Co. Ltd.	HK\$ 3.50		
(j) Berry Pk. Co. Ltd.	HK\$ 3.50		
(k) Berry Pk. Co. Ltd.	HK\$ 3.50		
(l) Berry Pk. Co. Ltd.	HK\$ 3.50		
(m) Berry Pk. Co. Ltd.	HK\$ 3.50		
(n) Berry Pk. Co. Ltd.	HK\$ 3.50		
(o) Berry Pk. Co. Ltd.	HK\$ 3.50		
(p) Berry Pk. Co. Ltd.	HK\$ 3.50		
(q) Berry Pk. Co. Ltd.	HK\$ 3.50		
(r) Berry Pk. Co. Ltd.	HK\$ 3.50		
(s) Berry Pk. Co. Ltd.	HK\$ 3.50		
(t) Berry Pk. Co. Ltd.	HK\$ 3.50		
(u) Berry Pk. Co. Ltd.	HK\$ 3.50		
(v) Berry Pk. Co. Ltd.	HK\$ 3.50		
(w) Berry Pk. Co. Ltd.	HK\$ 3.50		
(x) Berry Pk. Co. Ltd.	HK\$ 3.50		
(y) Berry Pk. Co. Ltd.	HK\$ 3.50		
(z) Berry Pk. Co. Ltd.	HK\$ 3.50		
INTERNATIONAL INCOME FUND			
(a) Short Term A (Accum)	\$1.00		
(b) Short Term A (Accum)	\$1.00		
(c) Short Term A (Accum)	\$1.00		
(d) Short Term A (Accum)	\$1.00		
(e) Short Term A (Accum)	\$1.00		
(f) Short Term A (Accum)	\$1.00		
(g) Short Term A (Accum)	\$1.00		
(h) Short Term A (Accum)	\$1.00		
(i) Short Term A (Accum)	\$1.00		
(j) Short Term A (Accum)	\$1.00		
(k) Short Term A (Accum)	\$1.00		
(l) Short Term A (Accum)	\$1.00		
(m) Short Term A (Accum)	\$1.00		
(n) Short Term A (Accum)	\$1.00		
(o) Short Term A (Accum)	\$1.00		
(p) Short Term A (Accum)	\$1.00		
(q) Short Term A (Accum)	\$1.00		
(r) Short Term A (Accum)	\$1.00		
(s) Short Term A (Accum)	\$1.00		
(t) Short Term A (Accum)	\$1.00		
(u) Short Term A (Accum)	\$1.00		
(v) Short Term A (Accum)	\$1.00		
(w) Short Term A (Accum)	\$1.00		
(x) Short Term A (Accum)	\$1.00		
(y) Short Term A (Accum)	\$1.00		
(z) Short Term A (Accum)	\$1.00		
JARDINE FLEMING POB 75 GPO HK Kong			
(a) J.F. Japan Tech.	£ 2.25		
(b) J.F. Japan Tech.	£ 2.25		
(c) J.F. Japan Tech.	£ 2.25		

JUMBLE:

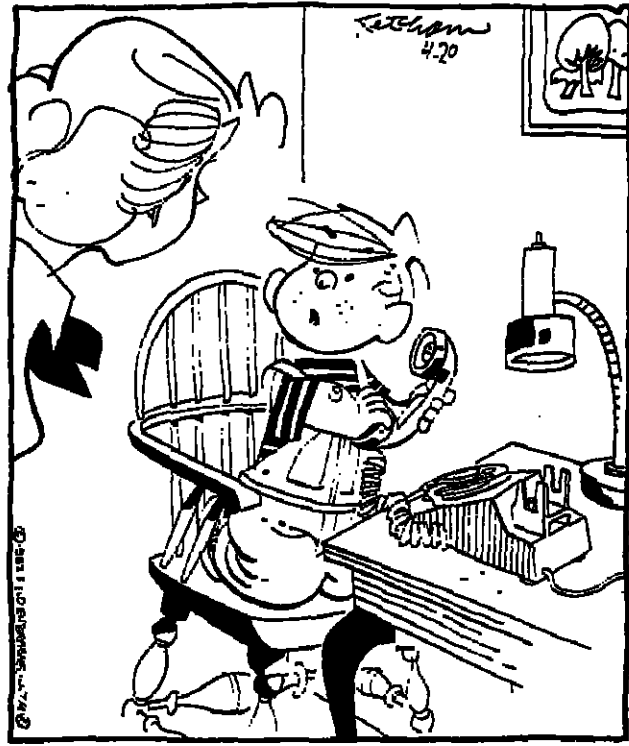
Unscramble these four Jumbles, one letter to each square, to form four ordinary words.



Answer here: A  (Answers tomorrow)

Yesterday's Jumbles: FLOUR ALTAR NIPPLE CANINE
 Answer For someone who plans to make a splash in the kitchen—AN APRON

DENNIS THE MENACE



Computerizing With a Human Voice

[REDACTED]

CLASSIFIED ADVERTISEMENTS

[illegible]